From a Welfare State to a Working State

A new settlement for the next generation

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Foreword

This Review has been one of the most important things I have done in my public life. I want to thank the Government, and the Rt Hon Pat McFadden especially, for asking me to lead it. The Prime Minister and his Ministers have not only supported me but have given me license to think expansively and radically.

The older I get the more I realise life is a team sport. I have had the blessing of working with some great civil servants and a world-class panel of advisors. But it is my exceptional Review team that have made this work possible. I cannot thank them enough for the dedication and energy they have invested over the last year. I owe a particular debt of gratitude to Matt Upton who has led the team with such finesse and to Katie Johnston from PwC and Barry Fletcher from the Youth Futures Foundation for lending me their expertise and their challenge in equal measure.

A great many people have been part of the journey that culminates in this Report. I want to thank the young people who trusted us with their experiences; the businesses, charities, local authorities and mayors who opened their doors to us; the many people across Whitehall and well beyond who contributed evidence and ideas; and all those who advanced our thinking along the way.

Leading the Review has been a privilege from start to finish. It has often been sobering, but it has left me more optimistic than when I began. On the face of it, nearly one million young people outside education, employment or training should be a source of pessimism not optimism. It is a huge challenge and the risk is real of a lost generation.

I have never particularly liked the term NEET. It may be a useful administrative description, but it too easily becomes a label attached to a young person. One young woman I met put it far better than I could. She told me that young people should not be described as “not in education, employment or training”. They were, she said, “desperate for education, employment and training”.

I have thought about that a lot. Behind the acronym is a young person whose life is still being written. Too often our system behaves as if their story has already been decided. But among the many hundreds of young people I have met in the last year I have not found a single one of them who wanted to be NEET. Not one.

And it is this, above all else, that has made me feel optimistic. This is not a generation that lacks resilience or ambition. The young people I have met want to make something of their lives. They want independence. They want to earn their own money. They want to be useful. They want someone to give them a chance. What too many of them lack is not effort. It is opportunity.

Here too I have come away from the Review feeling a sense of hope. I have visited countries where youth participation is a national priority. I have seen how this results in low NEET rates that Britain should be capable of matching. Their systems are not perfect. None are. But they show that high levels of youth detachment are not inevitable.

I have seen places in Britain too where opportunity is being created. By schools and colleges. By mayors and councils. By communities and charities. Above all, by employers. So many of them are stepping up to the plate and wanting to do more to give a young person a first chance.

And the public response has been extraordinary. Parents, grandparents, teachers, clinicians, local leaders have all said versions of the same thing: something is going wrong for the next generation and we cannot simply stand by and watch it happen. At times this has felt less like a policy debate and more like a public outcry.

Of course, policy matters. There is a lot of it in what I know is a long document. I ask the reader to bear with it. It represents a year of work on a problem that has been decades in the making. There is no single policy that will solve it and no neat lever that government can pull. Education matters. Employment matters. Health matters. Welfare matters. Employers matter. Places matter.

I know much of the public debate is about welfare reform. But this is far bigger than that. It is about life chances for this generation and those that will follow. You cannot solve the NEET crisis by simply pulling a welfare lever. A whole system reset is needed.

For me, this feels deeply personal. I have been so lucky in my own life. I have had opportunities I could never have assumed would come my way. I am conscious too of the privileged position I now occupy and of the chances other people took on me along the way. But life chances should not depend on luck.

They should not depend on the postcode in which you are born, the family you are born into or whether, at precisely the right moment, you happen to meet a teacher, employer, youth worker or adviser willing to open a door. A young person's future should depend on their aptitudes and aspirations not their background or their birth.

The question this Report ultimately poses is whether our generation is prepared to do the difficult things required to give the next one a better chance. Whether we are prepared to change institutions that are no longer working well enough. Whether we will create opportunities that are missing. And whether we will invest before failure becomes entrenched rather than simply paying for its consequences afterwards.

I pose those questions with humility, as I do the answers this Report proposes. No report has all the answers. Some proposals will be difficult. Some will need to change as we learn more. There will be disagreement about the choices I pose, and the money required to make them happen.

But I believe the Prime Minister and the Government will take these findings seriously. They – we - have a real chance to change the prospects of hundreds of thousands of young lives. Not with another short-lived initiative, but by making the next generation a national priority.

The young people I have met over the last year are not asking for an easier life. They are asking for a fair chance to build one.

Our generation has a responsibility to give them that chance.



Rt Hon Alan Milburn
Author of the Young People and Work Report

Chapter 1: Introduction and Executive Summary: from a Welfare State to a Working State

1.1 A new deal for a new generation

1. This Report sets out a new ambition for the country: a generational promise that every young person will be guaranteed the opportunity to earn or learn.

2. Its aim is to change the life course of nearly one million young people who are not currently in education, employment or training. And to do the same for the generations that follow. It sets out a 10 year programme to deliver a new system to make it happen.

3. My Interim Report, published in May this year, made the case for change. [1] This final Report is about delivering change.

4. In the period between, my team and I have engaged extensively in the search for ways to solve the UK's NEET crisis. With employers and educators; charities and community groups; national, regional and local politicians; and, most importantly, with young people themselves. We have scoured the world to understand what we can learn from other countries. We have undertaken new research and new polling. We have worked with Government departments to ensure the changes we propose are deliverable and fiscally responsible.

5. By definition, solving the NEET crisis is far from easy. Much of it is grounded in poverty and inequality. There is no simple or perfect solution. There are inevitable trade-offs and dilemmas that come with trying to fix a problem on this scale. Throughout, I have been guided by the weight of evidence about what could work and by the voices of young people. This Report tries to give equal value to both.

6. These deliberations have brought me to some clear conclusions. Our country is at a fork in the road. Go on as we are and see the NEET crisis grow. Or change course and make the difficult changes that can shift the trajectory. This is a moment of choice for the country. Half measures will not do. The country has had no shortage of schemes, pilots and initiatives for young people. Many have helped those they reached, but they have not prevented nearly one million young people – one in eight – from being out of education and employment.[2] Most are economically inactive rather than looking for work.[3] Six in ten have never had a job.[4] Today's NEET crisis is no longer the old story of a temporary cycle of youth unemployment. It is a new phenomenon of youth detachment.

7. A new approach is required, and so this is not a plan for doing the same things a little better. It is a plan to make youth participation a new core priority for the country. This Report shows how full employment and education for the young can

be achieved for our country – and in the process how we can end long-term youth unemployment once and for all.

8. Over decades that is not the choice the country has made. The NEET crisis is not new. The NEET rate has barely been below 10 per cent in 25 years.[5] It has become a fact of life. Something that if not regarded as inevitable, is at least viewed as not solvable. But that is a choice. We have chosen to neglect the problem rather than deal with it.

9. It shows up in the numbers. Across Europe, only Romania has higher NEET rates than the UK.[6] Compared to the countries of northern Europe with lower rates, we have chosen to invest far less in support to get young people into education or employment. We are used to hearing well-founded arguments about the need to invest more in physical capital to grow our economy: in infrastructure and energy, defence and digitalisation. We need to apply the same logic to investing in human capital. And to do so for the long term.

10. Without a sharp change in direction, the country will pay an ever higher economic price through lost skills, lower productivity and slower growth. In this Report, we set out how higher youth participation could contribute over 0.4 per cent of additional GDP per year.[7]

11. Without a sharp change in direction, the country will pay an ever higher fiscal price through an increasingly unaffordable benefits bill as more young people become trapped in economic inactivity. In this Report, we set out how creating more opportunities and better support could reduce benefit expenditure by £3.6 billion per annum in 2036.[8] Within a decade, the annual costs of investment will be overtaken by sustainable savings.

12. Above all, without change, the greatest price will be paid by young people themselves: in lost life chances, lost opportunities, lost earnings, lost confidence and lost purpose. Fundamentally, the NEET crisis is a moral problem, with dire economic and fiscal consequences.

13. This is not simply a cause for young people. It is a cause for the country. Demographic change makes it a necessity. If the needs of an ageing society are to be met, as many young people as possible have to become a net contributor by working and paying their taxes in order to fund the public services on which older generations particularly rely. Britain's future relies on us backing young people. They are the next generation of workers, parents, taxpayers, entrepreneurs, carers and public servants. Helping them succeed is in all of our interests.

14. The need to do so is driven not only by the challenges this generation faces today, but by the new risks already visible on the horizon. The experience of being a child and entering adulthood has changed. The risks of more young people becoming

detached are growing. The legacy young people carry as they seek to navigate the journey from education into employment is one shaped by social media, the Covid pandemic and mental distress. They face a future of uncertainty as artificial intelligence and automation reshape the world of work faster than at any point in history.

15. The labour market of the next decade will look different from the labour market of the last. The pace of change is electrifying. That means what the State does - in education, skills, welfare and health - has to change too, and at pace. We cannot future-proof particular occupations. We can future-proof young people, through changes to the education and skills system in particular. It should prepare young people for a world in which adaptability is no longer a luxury, but a condition of security.

16. The response to the Interim Report has convinced me that there is a visceral mood for change in the country. Families feel it. Employers feel it. Politicians feel it too. They all know that the risk of a lost generation of young people is real, and more importantly they want to do something about it. This generational challenge calls for a different generational choice: to put young people first. They must be the priority for policy and action.

17. That will require the nation to commit resources. Some can come from welfare savings as young people move into work. But crude benefit cuts will not work. If young people are plunged into destitution, costs to the taxpayer simply show up elsewhere in the system – in homelessness, health and crime. What is needed instead is upfront investment in more opportunities for young people to earn or learn and in the practical support to enable them to do so. Investment first, payback later. That is the only sustainable way of improving life chances and reducing costs.

18. More resources by themselves, however, are not the answer either. Solving the NEET crisis will require the courage to make radical reforms. We have not ended up with nearly one million young people who are NEET by accident. It is the product of failure on the part of the State and on the part of the market.

19. First, the labour market has moved against young people. Youth employment has fallen even as overall employment has grown. The first rung on the career ladder has eroded but there has been no attempt to regrow it. For too long public policy has focused on supply-side measures and ignored the demand side. It concentrated mainly on making young people more employable while taking for granted that the market would automatically create job opportunities.

20. Second, the education system is not providing young people with the aptitudes, as well as the qualifications, they need to succeed in a fast-changing labour market. It was designed for a more predictable economy but is now struggling to prepare

young people for a world of work that is being continuously reshaped by technology, changing skills and new forms of employment.

21. Third, the health system is organised around diagnosing and treating illness once it has taken hold rather than identifying risk, preventing problems from escalating and keeping young people participating in education or employment. That matters when poor health, particularly mental ill health, has become one of the defining causes of youth economic inactivity.

22. Fourth, the welfare system asks the wrong question of young people: what can't you do, rather than what could you do? It takes too many young people into a lifetime on benefits rather than into work – with ruinous consequences for their life chances. Poverty and inequality are at the core of the NEET crisis: rates are highest where disadvantage is greatest.[9] But the benefits system plunges too many young people into more poverty rather than seeking to end it. It too often becomes a trap rather than a springboard.

23. Fifth, the system is not a system at all. Responsibility is fragmented between institutions, programmes and tiers of government. Education, health and welfare operate in separate silos and magnify the very problem they are supposed to help solve. Each plays its own role but the young person still falls through the gaps. While Britain has institutions for young people, there is no active participation system capable of carrying them from childhood into working life.

24. This is a whole system failure. In short, Britain has a chronic problem. It is getting worse, not better. And there is neither an existing system nor plan capable of dealing with it.

25. This Report seeks to address both of those deficits.

26. It advocates for a new young people-first approach both to public policy and employer practice. It proposes not just new investments and new policies but new laws and new institutions so that there is a permanent platform on which change can be built. Recent history is littered with periodic attempts to address the NEET crisis but there has been no sustained and systematic effort to eradicate the problem for good. This Report sets out how we can change that. It does so by identifying the systemic changes that are needed across education, health, welfare and labour market policy. It echoes the Prime Minister's call for a Rewiring of the State by showing how employers and educators, mayors and councils, families and communities can contribute to delivering full employment and education for young people.[10]

27. Government alone cannot deliver a sustained lower NEET rate. It needs a new deal with wider society to make this a shared ambition for the nation. A new deal with young people where a guarantee of opportunity and support sits alongside new

obligations on their part to participate where they are able to: every young person who can work should work. A new deal too between central government and local places to give them the authority to better help young people transition from education to employment: devolved power should be the default not an afterthought. A new deal between the State and employers who create more first chances in return for government making them easier, cheaper and less risky to provide: demand and supply working as one.

28. The twin beliefs at the heart of this Report are that work gives shape, meaning and purpose to young lives, and that every young person has something to contribute.

29. The task is to align the one with the other. A new settlement is needed if the lost generation is to become the work generation. That means transforming the Welfare State into a Working State. One that is organised around participation and prioritises prevention.

Every young person learning or earning

30. I believe we should set ourselves a new national ambition: every young person should be learning, earning or actively participating. By 2036, the United Kingdom should aim to reduce the NEET rate to around 5 per cent and become one of Europe's best-performing countries for youth participation. That will be an effective rate of NEET Zero. Full youth participation. Full employment and full education for the young. The end of long-term youth unemployment.

31. Within 10 years, all of those young people who can participate, whether in education, training or employment, should be doing so. The first milestone in this longer journey should be to ensure that no 16 to 17 year-old is NEET. By law, in England, none of them should be. Yet nearly 57,000 16 and 17 year-olds in England currently are, while thousands more are recorded as not known.[11] That statutory expectation must become real in practice.

32. Achieving full youth participation means recognising that the NEET population is not uniform. It consists of nearly one million very different young people. Those who are disabled face particular challenges. So too do many young people from an ethnic minority background. Some young people who are NEET are close to being able to work and are being held back by a lack of experience or a practical barrier such as transport. Others need help with qualifications, confidence, housing, caring responsibilities or mental health. Some disabled young people will require intensive and sustained support. A smaller group will require secure long-term protection because conventional participation is not a realistic expectation.

33. Different young people will require different opportunities and different levels of support. The new youth participation system proposed in this Report is designed to ensure that every young person, whatever their background or circumstances,

receives the right level of support and a credible opportunity to learn, earn, or prepare if they are able to do so.

34. Meeting that ambition will require the creation of opportunity on a new scale. The Review's modelling suggests that 500,000 additional employment and education opportunities may be needed by 2036.[12] In education and skills, I propose an initial 25,000 pre-apprenticeship places and a path towards 270,000 under-25 apprenticeship starts a year by 2036, alongside a major expansion in further education for 18 to 24 year-olds. These are not stand-alone targets. They are the scale of change needed to make full youth participation possible.

An historic break with the past

35. I do not believe this ambition should be delivered by another programme layered on top of the old system. The task is to change the system itself.

36. The creation of the Welfare State after the Second World War is one of the great achievements of British public policy. It embodied a new national responsibility to protect people against what its architect William Beveridge described as the five giants: want, disease, ignorance, squalor and idleness.

37. That protective mission remains essential. But that Welfare State was designed for a different economy and a different set of social risks. The new risk facing Britain is that future generations of young people are losing contact with education and work before adult life has properly begun. A safety net can prevent destitution. It cannot, by itself, provide the springboard young people need to acquire skills, gain experience and build an independent life by learning or earning.

38. It is sometimes said that young people are to blame for their own misfortunes; that the resilience of previous generations has been replaced by softness in this one. That is not what I have found in my many conversations with young people. Nor is it what the evidence shows. More than seven in ten young people who are NEET want to be in work, education or training.[13] The shortage is not one of aspiration or effort on their part. It is a shortage of opportunities and effective support. Young people have not collectively failed the system. The system has failed too many of them.

39. The way the State operates today is not capable of dealing with the new challenge that the NEET crisis poses. The old Welfare State needs to evolve into a new Working State which has maximising youth participation as its central objective. Not only in benefits policy, but in education, skills, employment support, health and labour-market policy. There is no such unifying view today. No overarching governance philosophy. No golden thread running through public policy. And no institutional framework to make it happen.

40. A whole-system reset is required. The changes I advocate are radical and far-reaching. So this Report does not propose what independent reviews often do, a number of disconnected recommendations for government to consider. Rather it is a broad-based manifesto for change with a clear plan and defined timetable for implementation. By necessity, it will take a decade to achieve its full effect. But the scale of the generational challenge demands immediacy from day one.

41. Below I set out a summary of the detailed changes the full report advocates but the big strategic shifts are five-fold. A Chapter in the full Report is devoted to each.

42. First, it aims to change the youth labour market. It advocates a more active labour-market policy and a new bargain between the State and employers to open up more opportunities for young people. It asks employers to create more first jobs, youth apprenticeships and work experience. It asks the public sector to use its employment footprint and its procurement muscle to take a lead. In return, it asks government to make it easier, cheaper and less risky for employers to hire more young people. A statutory Youth Opportunity Test makes the effect of major tax, spending, regulatory and labour-market decisions on the next generation visible before decisions are taken, not after the damage is done.

43. Second, it aims to change what education is expected to deliver. Qualifications remain fundamental, but schools, colleges and universities must also be judged by whether young people make successful transitions into further learning and work. Schools must become engines of opportunity by gifting their students aptitudes and not just knowledge to better equip them for the future world of work. Technical education should be on an equal footing with academic education. And learning from low NEET countries, further education and apprenticeships must become one of the principal routes into skilled employment for future generations of young people.

44. Third, it aims to change how both the care model and the operating model of health services work so they can break the link between mental distress and non-participation among the young. The NHS should move from a reactive diagnose-wait-treat model towards a predict-prevent-participate model with more earlier needs-led support available to young people. The NHS becomes judged in part by whether young people remain connected to education and work. It ceases to be a bystander on the participation pitch and instead becomes a fully-fledged partner.

45. Fourth, it aims to change the welfare system so that it no longer simply writes young people a cheque but instead builds them a participation plan. It creates a new system for the under-25s based on the new maxim of work for those who can, security for those who cannot. For the first time it creates statutory entitlements for young people to both opportunity and support to enable them to earn or learn. It fundamentally reforms the system to spend more on supporting young people into

work and less on benefits while enhancing protections for the most disabled young people.

46. Fifth, it aims to change how the State delivers participation support and opportunity to young people. It replaces fragmented programmes with a permanent Youth Opportunity Service in every place in England. It joins the system around the young person rather than expecting the young person to join it up for themselves. In the process, power and accountability are devolved from the national to the local. Strategic authorities take responsibility for the overall 16 to 24 year-old participation system and receive new powers, funding and commissioning freedoms needed to act.

Employers

47. A first chance. That is what is missing from the labour market for too many young people. Employers hold the key to creating that opportunity. Without a change in direction, rebuilding the first rung will not happen. A new bargain is needed with employers to create more first chances for young people. This bargain should be the beating heart of a new 'young people first' approach to labour-market policy and practice.

48. Government should adopt five new and explicit objectives: to make it financially worthwhile for employers to hire young people; to give employers one simple route into support; to remove avoidable regulatory and practical barriers; to lead by example as an employer; and to use public procurement to create more first chances.

49. On employment costs, government should begin immediately with a commitment not to increase the costs on employers of hiring young people still further. It should publish a Youth Employment Cost Index every two years which itemises the financial impact of its decisions on the youth labour market. On the minimum wage, the government should continue to direct the Low Pay Commission to judge the pace of convergence against the critical goal of protecting youth employment.

50. I have looked carefully at what more government can do to make employing a young person financially worthwhile. Given the fiscal position, I do not believe an immediate across-the-board National Insurance cut is the best use of several billion pounds of public money. Rather than poorly targeted and unaffordable cuts in employer National Insurance, when fiscal conditions allow, it should instead introduce a five-year glide path to lower employer National Insurance costs for workers aged 21 to 24 starting in the retail and hospitality sectors which together provide 37% of jobs for young people aged 16 to 24.[14] The best way of doing that is by doubling the point at which employer National Insurance becomes payable for those young people, from the current £5,000 threshold to £10,000.

51. To help ease the cost of hiring more young people there should also be increased targeted financial help. Employers who take on any young person who has been NEET for six months should receive a £3,000 payment. This would extend eligibility to the 314,000 NEETs who are hidden and not in the benefit system at all. [15] An extra premium payment of £2,000 should go to employers taking on somebody facing substantially greater barriers, such as care leavers or disabled young people. In addition, a further small business premium of £2,000 should be available to businesses with fewer than 50 employees. There should be an increase in the payment to employers creating an apprenticeship to £2,500, and extended to Levy payers.

52. This employment incentive package amounts to around £1.1 billion a year of investment once scaled up, more than doubling government financial help for employers to increase youth employment.[16] It should help to create an additional 170,000 job and apprenticeship opportunities, the biggest programme of its sort in nearly 15 years of public policy support for getting young people into work.[17]

53. Government also needs to adopt a new approach to reducing organisational and regulatory barriers. Government should introduce a single front door – the Youth Opportunity Service – to make it easier to hire young people, provide work experience and support them while in work. The new Guaranteed Hours legislation is a critical change to employment rights in the UK. I would propose that when considering the responses to the recent consultation that the goal should be to ensure that the potential impact on youth employment should be a primary consideration, and a cautionary principle should be adopted. I believe this would lead to an approach that aims to limit the potential negative impact on seasonal and temporary work and clearly balances the goal of reducing one-sided flexibility with retaining a dynamic and flexible labour market. More broadly, it should introduce a new statutory Youth Opportunity Test to assess the potential impact on youth participation of public policy changes. The explicit aim should be to prevent the youth labour market being flooded with more new regulation and to reduce existing regulatory burdens.

54. As an employer, government should ensure the public sector is leading the way in maximising participation opportunities for young people. It should aim for a minimum of 11 per cent of the Civil Service entry level workforce to be aged 16 to 24 by 2032. That would almost double the current proportion. [18] All government departments, arm's-length bodies and major public sector employers should publish a three-year youth workforce plan showing how they will increase youth opportunities with a view to a minimum of 10 per cent of entry level vacancies going to those who are NEET or at risk of becoming so.

55. Government's power as a buyer is potentially as important as its power as an employer. It should use its purchasing power with the same precision. Government should make youth employment a mandatory Social Value criterion within the Government's current Social Value procurement framework for projects above £5 million where the contract creates meaningful labour market demand. For projects above £50 million, and for major contracts in defence, energy, and infrastructure, explicit youth hiring commitments should be mandatory. Government should also legislate to extend its Social Value framework beyond central Government to local government and the wider public sector.

56. Many employers are already creating more work experience, apprenticeships, mentoring, school engagement and targeted hiring. But goodwill is not enough. It is scattered and inconsistent. There is no clear national expectation about the contribution business can make to reducing youth detachment. That has to change. Government can help shape what employers should be asked to contribute to solving the NEET crisis.

57. During the course of this Review, we have created with employers a means of clarifying what employers can best do. First Chance is an employer-led movement creating more first opportunities in the workplace for young people who are NEET or at risk of being so. It attempts to codify in simple terms what employers can contribute to solving the NEET crisis. The three First Chance asks of employers are to create more genuine first jobs, more youth apprenticeships and much wider access to meaningful work experience. Large private employers joining First Chance could set and publish their own quantified contribution, including where possible making 10 per cent of entry level vacancies available to NEET young people. Recruitment must change too. Unnecessary experience requirements, inaccessible assessment and opaque criteria should not turn the first job into a reward for already having had one. In particular, large employers should find ways of responding to rejected job applicants. All too often unsuccessful candidates currently face a wall of silence. Government should now work with employers to scale First Chance across the country.

Education and skills

58. This Report is not only about reducing the current stock of young people who are NEET. It is about preventing young people becoming NEET in future. The key to that is an education system that equips young people for the future world of work – and one that takes prevention seriously. Education should be the strongest bridge between childhood and adult working life. For many young people it is. Britain has much to be proud of in its schools, colleges and universities. But the world of work is changing faster than the world of education. Schools focus strongly on academic results, but not enough on readiness for work. Britain is a world

leader in higher education but a laggard in vocational education. Apprenticeships and further education remain woefully under-supplied compared with countries that achieve lower NEET rates. A new balance is needed: preventing risk earlier, putting aptitudes alongside knowledge, and making Britain a powerhouse in technical education as well as academic education.

Prevention

59. Change should begin before a young person becomes NEET. I propose two long-term prevention ambitions. By 2036, at least 90 per cent of children should be school-ready at age five. The current target is 75 per cent.[19] By the same year at least 90 per cent should reach the expected standard in literacy and numeracy at the end of primary school. These are not new stand-alone education targets. They are foundations for later participation.

60. Parents remain the first and most important influence on a child's development. Public policy should make good parenting easier, with support built through Best Start Family Hubs and concentrated most strongly where developmental disadvantage is greatest. Government should consider how the funding rate of the Early Years Pupil Premium could be boosted to match the Primary School rate.

61. It should press on with SEND reforms, drive continued focus on persistent school absence and address exclusions by ensuring that a transition and participation plan is in place for each at risk pupil. It should also make the use of Risk of NEET Indicator (RONI) tools mandatory for both primary and secondary schools to identify and support pupils at risk of becoming NEET.

62. Government should report annually on whether the gaps in educational attainment by geography as well as by socio-economic group are narrowing or widening and identify how it is deploying financial and human resources to close those attainment gaps. In particular, it should increase the number of specialist youth workers and expand activities available to young people, especially in areas with high numbers of young people at risk of becoming NEET.

Schools

63. The best protection against becoming NEET remains doing well at school and being literate, numerate and able to communicate. But a better balance is needed between academic foundations, technical and practical learning, enrichment, employer exposure and preparation for working life. The answer is not simply to direct young people who struggle with conventional academic learning into a separate technical route. If technical education becomes the preserve of children from lower-income households and academic education the route for those from

middle-income ones, that will be a failure. The ambition must be wider: to better prepare all young people for the new world they are entering, including work. The task is not to dilute our definition of excellence but to broaden it by ensuring that the focus on rigour and standards that has been successfully applied over recent decades to the academic route is equally applied to the technical route. Too often in the public debate about these issues, academic and technical are pitched as enemies when they should be reconciled as friends. The same is true of curriculum breadth and high standards. They should be twin objectives, not competing priorities.

64. The government should introduce a new statutory key stage 3 writing, numeracy and oracy check with schools being given discretion over around 10 per cent of curriculum time. The government's decision to introduce new Vocational GCSEs alongside broader technical pathways from age fourteen is an important change of direction. It will require the pooling of specialist teachers, facilities and employer relationships across an area, together with an expansion of University Technical Colleges (UTCs). The tilt to technical education should be the first step towards an integrated age 14 to 19 framework bringing academic and vocational learning into a single structure. That should be completed over the next decade.

65. In the meantime, work experience should become a statutory duty on schools and careers education should be integrated with employment support in the new Youth Opportunity Service. Experience of working life should become a normal part of education.

66. Accountability must change too. A new ready-for-work standard should show whether young people leave school with the foundations, experience and confidence needed for the next stage. Work readiness data at school level should be published and the new standard inspected by Ofsted. Alongside that, to better assess how well schools are building the bridge into working life, a new outcome measure should be published. It should judge school performance on where students end up once they have left school with the results published in a form that young people, parents and the wider public can understand. Schools should continue to be judged on attainment, but also on preparation and sustained outcomes. The purpose is not to weaken academic standards. It is to broaden our definition of educational success.

Further and higher education

67. The low NEET rate countries of Europe have invested far more in technical and vocational education than we have. We should learn that lesson. Over the next decade, post-18 further-education participation should expand substantially, with an extra 150,000 18 to 24 year-olds participating a year to significantly reduce the gap with comparator countries.[20]

68. Colleges should receive a new participation and work-readiness premium, initially targeted at 16 and 17 year-olds who are NEET or at serious risk. But over time their financing would move from a simple activity-based model, where colleges are funded according to the number of places they provide, towards one that also recognises and rewards outcomes and destinations. In higher education, data on earnings should be prominently published, allowing students to judge which courses and institutions deliver the strongest employment returns.

69. More diversity and innovation are needed in the sector so the government should establish a mayor-led mechanism for developing new industry-led technical colleges, specialist campuses or equivalent centres. It should also look to create an Open University for skills, a national digital Open College through which people can find and accumulate accredited modules from colleges, universities and approved providers, part-funded by employers and other private investors.

70. It should work with universities and colleges to increase level 4 and 5 skills provision and make it easier for young people to progress from a college education to a university, with students able to carry recognised achievement between providers and stages of study. Strategic priority funding for tertiary education should be more directed towards subjects and routes linked to the Industrial Strategy, public service needs and regional priorities. That would mean ensuring more towns have a visible higher-education presence through satellite campuses, FE-HE partnerships or civic-university models, particularly where participation is low and regeneration need is high.

71. I believe the State has a particular obligation to young people who have been in its care. I propose an Education Maintenance Allowance (EMA)-style Care Leaver Transition Allowance of £50 a week for six months for care leavers who are NEET or at serious risk, conditional on them agreeing a participation plan with their local YOS. Care leavers should not face a penalty for having been in the care of the State; they should receive some of the stability that other young people can rely on from their families. If successful, the allowance could be extended to other at-risk groups.

Apprenticeships

72. I have concluded that apprenticeships should be the largest education and skills priority arising from this Review. They combine learning with real work and are among the strongest-evidenced routes into skilled employment.[21] The aim should be to double the number of young people completing an apprenticeship over the next decade, so that apprenticeships rival university as a mainstream destination for school leavers. By 2036, around 35 per cent of each cohort should have started a high-quality apprenticeship by the age of 25, with annual under-25 starts rising

towards 270,000 and completion rates improving alongside them. This Report also proposes an initial 25,000 pre-apprenticeship places.

73. Reforms will be needed alongside resources. The Growth & Skills Levy should be changed by abolishing the existing HM Treasury topslice of apprenticeship funding. This should allow apprenticeships to be reorientated back to young people by providing 100 per cent funding out of Levy proceeds for the under-25s with government reducing its funding for those aged over 25.

74. Together, these reforms add up to a shift in the focus of the education system to ensure that young people are better prepared for the future world of work.

Health

75. Health is a central factor in youth disengagement. In particular, there has been a sharp rise in the number of young people presenting with low to moderate mental health and neurodevelopmental needs – depression and anxiety (23.8 per cent of disabled NEETs), autism (22.7 per cent of disabled NEETs) and mental illness or other nervous disorders (15.7 per cent of disabled NEETs).[22] The proportion of NEETs reporting learning difficulties or autism as their primary condition has risen from 7.7 per cent to 12.3 per cent since 2021.[23]

76. Mental distress has increased among children and young people, but analysis conducted by Professor Fonagy's Review suggests that the actual prevalence of neurodevelopmental conditions like ADHD and autism is largely flat. It is diagnosis that has risen markedly. His conclusion is that "the problem is a system that leans too heavily on diagnosis as the route to help and cannot keep pace."[24]

77. Rather than helping young people access help quickly to enable them into employment or participation the diagnose-wait-treat model leads to many waiting, not working and ending up on welfare. Once they are in the benefits system it becomes hard to get out. Poor mental or physical health should not become a one-way route out of education and work.

78. Treatment remains fundamental, but it is not enough simply to diagnose a condition, deliver an appointment or discharge a patient. The NHS should also be judged by whether it helps young people stay in or enter education and employment. Participation has to become a core health outcome.

79. A new care model should be created, as organisations like Mind have argued, in which support depends on need.[25] Young people should get practical help quickly when a mental health or neurodevelopmental need becomes apparent, without having to wait for a formal label. Lower-level needs should be met earlier and at the least intensive effective level. Specialist clinical capacity should be reserved for those who need it most.

80. Young people who are already NEET should be guaranteed fast-track access to services such as vocational rehabilitation, talking therapies and counselling, providing they have a participation plan agreed with the YOS. Within three months every young person in the YOS needing practical health support should be guaranteed to be getting it.

81. The starting point for young people to access help should be digitally. Rather than waiting for a diagnosis or assessment, a new universal mental health digital front door gives them immediate advice and support. It should be available both online through trusted channels and via the NHS App. In addition, NHS Online, the new national-scale digital health provider due to begin seeing patients in 2027, will be available to young people through the YOS.

82. If needs cannot be met digitally there should be a menu of services, escalating according to need, available to them through the YOS. The service will provide rapid access to support for young people who could benefit from Talking Therapies. In 2025/26, 359,000 young people aged 18 to 25 were referred to Talking Therapies.[26] Where appropriate, support will include access to a Psychological Wellbeing Practitioner. They would also be able to get help from expanded local vocational rehabilitation services including help to manage anxiety, memory, concentration and communication in the workplace; support for musculoskeletal conditions; pain and fatigue management; help with sleep. IPS-Y, an evidence-based supported employment model, should be available across the country.

83. More generally, the mental health care model is increasingly out of step with the pattern of need. Change is needed to proactively help young people, so they avoid the risk of becoming NEET in the first place. It is time to put a new focus on prevention. The new care model that I advocate should intentionally match the range of young people's needs – what Professor Fonagy codifies as mild, moderate, more complex and severe/high risk – with a graduated set of services.[27] This new more preventative mental health care model for young people should:

- make support widely available digitally;
- proactively identify both risk and low/moderate needs and provide low intensity, non-clinical support;
- provide a neighbourhood, multi-disciplinary community care service that is same-day open-access;
- when specialist services or treatment are needed, be far faster in getting people the help they need, so preventing crisis and A&E attendance.

84. This model escalates care according to need. It amounts to a fundamental transformation in how mental health support is delivered. It should be applicable both to young people who are already NEET and those at risk of being so.

85. We estimate that earlier intervention and prevention services could support up to 930,000 young people over five years. For example, over the course of this Parliament Early Support Hubs should be expanded to at least one in each of England's upper-tier local authorities. Alongside specialist service reform, this could release up to a quarter of existing Child and Adolescent Mental Health Services (CAMHS) workforce capacity for redeployment into community settings.[28]

86. That should allow the Government to introduce for the first time national maximum waiting-times for young people's mental health care. The new waiting time standards should be in place by 2028 but action should begin immediately to eliminate the longest existing waits.

87. The Government should also take swift action on the independent sector diagnostic market for conditions like ADHD and autism. Where providers demonstrably fail to meet required standards, NHS funding should be restricted or withdrawn. That process should begin at once. And by 2028 new payment mechanisms should be in place which are based on quality and outcomes rather than assessment or diagnosis volumes.

88. Reform of the fit note system is also a key enabler of improving youth participation rates. Responsibility for long-term sickness absence should be moved out of general practice, as is being trialled with Community Work and Health Teams (CWHTs). Their functions should be incorporated into the local YOS and should be extended to all parts of England. The service would be able to refer young people into wider support as required, while clinical care would remain with the GP. In addition, where an under-25 makes a health-related benefit claim, this should automatically trigger an offer of support through the YOS. These changes mean that a fit note would become the beginning of an active support process, not simply a certificate of absence. The ambition should be that no young person moves from short-term illness into long-term economic inactivity simply because nobody intervened during the period in between.

89. A radical shift in the NHS' operating model will be needed if a fundamental change is to take place in the care model. So reductions in NEET rates should become a formal objective for every local NHS Integrated Care Board (ICB). There should be a new legal requirement placed on ICBs to work with MSAs and other local agencies to increase youth participation and in doing so ensure that provision of services for young people is properly integrated. ICBs and providers should be expected to explain poor performance, produce an improvement plan and, where necessary, face intervention.

90. A new requirement should be placed on ICBs to sufficiently fund and commission health-related services needed by their local YOS. The procurement of those services should be jointly agreed with the strategic authority. Changes in

governance should help make sure integration happens. The roles of ICB Chair and Mayoral Health Commissioner should be combined, with the postholder accountable to NHS leadership and the elected mayor. This new governance arrangement should become the norm across all MSA areas by 2029.

91. The NHS should not only change the way it supports young people's participation as a provider of services. It should lead by example as an employer. As the country's largest employer, especially in disadvantaged areas with high NEET rates, the NHS has enormous power to create pathways into the labour market. That power is currently underused. The NHS should have an explicit objective to increase access to first jobs, apprenticeships, training and work experience for young people who are NEET or at risk of becoming NEET. Large NHS employers should guarantee interviews for currently NEET young people who meet essential criteria with a view to 10 per cent of entry level vacancies going to them. They also should allocate a defined proportion of apprenticeship growth to local young people who are out of work, education or training.

92. Large social care employers should also maximise their contribution to youth participation. More young people should be given the chance to undertake civic service in social care as part of the Opportunity Guarantee. And as the Government implements a National Care Service, it should consider how it can best work with the sector to create a more routine way to ensure young people have greater exposure to its career possibilities.

93. Good health and good work should reinforce one another. Our present system too often allows the opposite to happen. The purpose of these reforms is to change that and to ensure good health and good work are mutually reinforcing.

Welfare: from a cheque to a plan

94. For most young people, welfare should be a route to work, not a destination. Too often the present system does the opposite. It writes a cheque but not a plan. It asks a young person what they cannot do before it asks them what, with the right support, they could. And once a young person enters the health-related benefit system, all too often it becomes very hard to leave.

95. Staggeringly, the number of young people claiming disability benefit is expected to quadruple between 2012 and 2037.[29] Conditions such as anxiety and depression, ADHD and autism among 16 to 24 year-olds are driving much of the growth and now account for almost 2 in 3 of all new claims.[30] But worsening health alone cannot explain the growth in the numbers receiving benefits: the disabled working-age population increased by around 17 per cent between 2019/20 and 2023/24, while there was a 46 per cent growth in the number receiving incapacity or disability

benefits.[31] To put it at its simplest, the growth in benefits far outweighs the actual change in ill-health and disability among young people.

96. That has two consequences, and both are serious. Young people's life chances deteriorate. The benefits bill rises. We should tackle the first to deal with the second, not the other way around. Reducing the benefits bill is necessary, not least because for young people it has grown unsustainably over the last fourteen years. But the only way of doing that in a sustainable way is to help more people, especially the young, with conditions like anxiety or ADHD into work. So, this Review does not start with an arbitrary savings number and work backwards to benefit cuts. It starts with nearly one million young people who are not earning or learning and seeks to change their life chances.

97. Britain needs a fresh approach to welfare. The system has dual functions: to provide people with income support if they are not participating and practical support to help them into participation. The pendulum has swung too far away from the second to the first.

98. There is a straightforward premise at the heart of the proposed reforms: for the overwhelming majority of young people, work beats welfare. Where young people can work, they should work. The State should support them and help create the opportunities to do so. The 'signed off and written off' culture has to give way to a participation-first culture in which more support and opportunities for young people are matched with obligations on their part to engage in seizing those opportunities. And where the minority cannot work regardless of support or adaptations, the State should provide better support and long-term financial security.

99. Young people are not the same as older workers. The welfare system has treated them as though they are. They are not returning to something. They are trying to reach something for the first time. A different system is needed for the young person to enable their first transition into work. The conclusion I have reached is that the best reform option is one that has never been tried before – the creation of a new and different system for young people from the one that serves older adults. The current model is passive and accords young people principally one entitlement: a benefit that all too often takes them down a cul-de-sac of dependence. They need an active system which accords them new entitlements to propel them towards independence through earning or learning:

    - a new Opportunity Guarantee which gives every young person for the first time a statutory entitlement to a route into education, training or work;
    - a new Support Guarantee, again enshrined in law, to provide the health, employment, functional and practical help young people need to grasp and sustain those opportunities;

- a new locally-led Youth Opportunity Service charged with delivering both guarantees;
- a reformed benefit system that supports and rewards participation;
- new forms of help for disabled people including long-term financial security for those with profound and long-term disability.

100. They require up-front investment and far-reaching reform. It is critical that greater opportunities and support are being put in place ahead of the changes I propose to young people's benefits. The Guarantees should be backed by a multi-billion pound investment of new resources to fund the help young people will need to move off benefits and into earning or learning. [32] But it will pay back in benefit savings and tax proceeds as generations of young people are helped from welfare into work. And the most important 'saving' will be in their life chances.

101. The new Guarantees extend opportunities and support from just the cohort actively seeking work to every 18 to 24 year-old who is NEET and needs a route back into earning or learning, regardless of benefit status. The difference is not just who is covered. It is what is guaranteed. The menu of options available to young people under the Opportunity Guarantee should include:

- a government-subsidised job with employers receiving £3,000 for each young person they recruit and more for smaller businesses or where someone has additional needs;
- a further education place, a pre-apprenticeship, Level 2 and Level 3 technical learning, and higher technical or university study where appropriate;
- apprenticeships refocused on under-25s and Level 2 and 3 qualifications;
- work placements of up to 12 weeks, sector-based work academy programmes and supported internships;
- structured volunteering through a civic service such as befriending people in social care or conservation projects or being involved with the cadets;
- help to create a business so that the creativity of young people takes more of them towards self-employment rather than simply traditional paid employment.

102. In the event that none of this menu works for a young person there should be a backstop available. If a young person remains NEET despite engaging with the support on offer, and paid work is realistically possible with support, the State should secure and pay for a real paid six-month job with an employer. At present the young person has to wait 18 months for that backstop to kick in. I consider that too long out of the labour market. So in future it should be available if a young

person has been NEET for twelve months. This will help end long-term youth unemployment once and for all.

103. For some young disabled people, the new Guarantee must go further. It should not only help young people find work, but open up existing jobs, shape roles around what they can contribute and create paid opportunities where the labour market will not otherwise provide them. This would be a major expansion in what young disabled people can expect. It should include paid employment through supported businesses or social enterprises, drawing on the heritage of Remploy. That will help tackle the persistent employment gap between disabled young people and their non-disabled peers.[33] The Government should adopt a new ambition – to improve the participation rate of disabled young people at such a rate that it narrows the disability employment gap. I also propose a voluntary model for large employers where each would either set and publish an ambition for the proportion of its 16 to 24 year-old workforce who are disabled, or publicly explain why it is not doing so. Government would review the results in five years' time against the published measures. If progress is not substantial, it would then consider consulting on a mandatory disability employment quota for larger employers.

104. Young people who are NEET should be helped by the new Youth Opportunity Service (YOS) into participation. This should be responsible for delivering the Guarantees. Learning from the Dutch system, it should help identify young people who are at risk as well as those who fall out of education, employment or training. The young person can meet with a named adviser within 14 days of entering the service. Within four weeks they have a personalised Participation Plan which should define what the State and the young person will do and by when. It should be based on the young person's ambitions and choices and bring together the opportunity and support needed for them to try.

105. The deal will only work if the young person co-develops the Plan and is a co-signatory to it. Responsibilities have to sit alongside entitlements. That should take three forms: be available for an agreed form of participation where able; make and pursue a Participation Plan; and do not refuse reasonable offers without good cause. These three obligations should be enshrined in a new duty to engage which young people receiving benefits should agree as part of their personalised Participation Plan.

106. A young person who persistently refuses to engage, after attempts to understand why and after reasonable routes to re-engagement have been tried, should ultimately lose their Youth Allowance benefit. Sanctions should be rare and reviewed regularly. But a deal without consequences is not a deal.

107. I have come to the conclusion that it is not only what young people are offered and what they are expected to do that has to be reformed. Change also has to extend to

what they are entitled to receive in the way of financial support through the benefits system. The reforms I propose are not surgical tweaks. Instead, they create an entirely new benefit system for young people. If implemented it will be a different system from the current one for over-25 working age adults, although the design features proposed here have implications for the Government's wider welfare reform ambitions. There should be:

- A new single Youth Allowance for young people, set at the standard rate of Universal Credit for under-25s, with a higher rate for those living independently. This involves abolishing the Universal Credit Health top up, removing the need for the Work Capability Assessment and its premature binary judgment about capacity for work. Instead, young people get a new Youth Allowance and with guaranteed support and opportunities through the YOS to participate in learning or earning;
- A new local flexible health and disability fund operated by the local YOS to pay for extra costs while a disabled young person is receiving support to enable them into participation or during serious illness, injury or intensive treatment where longer-term needs are not yet known;
- A new Additional Cost Allowance to replace the Personal Independence Payment (PIP), providing targeted financial support where disability-related extra costs are well established, significant, and ongoing, with awards made through a national, healthcare-professional-led assessment;
- A new Severe and Complex Needs Insurance, a more generous and long-term award without a qualifying period, for the small minority of young people with the most profound and long-term disabilities, where it is already clear they will likely never be able to work;
- Reforms to actively reward and enable participation so that young people who participate keep more of what they earn before their benefits reduce and those who take part in civic or cadet service receive additional financial support;
- Extending Child DLA from the age of 16 to age 18, providing a two-year period to actively prepare young people for work and adult life instead of passively holding years of evidence about their condition, challenges and needs.

108. This new system should apply both to young people who are already NEET and claiming benefits and those who become so. Young people entering the welfare system for the first time should move onto the new benefits system, with phased rollout starting within the lifetime of this Parliament, subject to legislation. Existing claimants should move to the new system following a personalised, time-limited transition.

109. We expect those with conditions such as anxiety, depression, ADHD and autism - who currently form the majority of new PIP claimants - should be particular beneficiaries. In the current system, young people with these conditions often end up trapped on benefits, when under the new system they would be both expected and enabled to be in work.

110. These changes will not be easy to make. Nor will they be pain-free. They could mean some people get less financial support at the beginning of their benefit claim than under the current system. But the approach I have taken is to try to define what would give young people the best chance of building a good life, not just over a year or two but over the course of their lifetimes - under the current system a 24-year-old young person who has been NEET for six years could lose up to £300,000 in lifetime earnings even if they re-enter the labour market.[34]

111. The modelling carried out for this Review shows that these reforms are expected to help around 440,000 young people into sustained work by 2036. When the impacts of my reforms are considered together the net incomes of young people are expected to rise by over £2 billion and relative poverty after housing costs is estimated to fall by 50,000.[35]

112. The job of the welfare system is to gift young people a future, not simply write a cheque. The reforms seek to implement this new approach. In the process they move the needle on the ratio spent on young people between income replacement and employment support. In 2024/25 for every £25 we spent on benefits we only spent £1 on support to help them into education or employment.[36] As a result of these changes, within the next 10 years that ratio should be £2 to £1.[37] The system I propose will spend less on compensating for economic inactivity, more on creating routes out of it; less on the consequences of failure and more on avoiding it. I am unapologetic about advocating that the State should spend more to set young people up for a successful life earning or learning rather than spending decades with their sole income from benefits. That is the choice I believe is the right one for this and future generations of young people.

113. Welfare savings begin in 2029/30. They continue so that by 2036/37 they cumulatively reach £13.7 billion.[38]

114. To put that in context, youth health and disability benefits have risen from £1.7 billion in 2019/20 to £4.7 billion in 2025/26. They are currently forecast to rise again to £8.8 billion in 2036/37.[39] The proposed reforms are expected to lead to annual welfare savings of £3.6 billion in that year.[40] Beyond 2036/37 savings will not only continue, they will grow as more young people move from economic inactivity into work.

115. What is more, this is just the tip of a far bigger potential iceberg. While it is true that spending on young people's health and disability benefits is the fastest growing

element of the overall benefits bill, they only account for 13 per cent of total working age claimants.[41] The overall bill for disability and incapacity benefits for working age people has risen from £37.7 billion in 2018/19 to £55 billion in 2024/25 – a real-terms rise of 46 per cent.[42] They are currently forecast to rise again to £68 billion in 2030/31.

116. The over 25 year-old part of the welfare system has been beyond the remit of this Review, but the design features of the system proposed here for young people could be applied to the older cohort of claimants. The Government should act with urgency to bring forward new proposals for a reformed welfare system for over-25 year-olds.

117. The Government should also keep under review whether further devolution of the benefits system where this would create a more personalised and joined-up system that gives young people the support they need to participate. That could ultimately include transferring to local areas, through strategic authorities, both responsibility and funding for young people's statutory entitlement to health and disability benefits. Young people could retain a statutory entitlement to have their needs for ongoing disability related extra costs met, while local services have greater flexibility over how best to do so in ways that support their participation where that is possible and reflects their individual circumstances. Bringing funding for support and statutory entitlements closer together locally could enable resources to be used more flexibly and locally run services to be better aligned around people's individual needs, providing more personalised and joined up support to meet diverse needs. It would also sharpen incentives on local services to optimise the use of those resources to improve participation rates. Such a shift could be applicable to the over-25s as well as young people. The Government should consider these questions closely alongside the Casey Commission's work on the future of adult social care, including how support can become more integrated and preventative, give people greater power, and enable disabled people to live more independently.

118. By the time a young person ends up in the welfare system something has often gone wrong far earlier in their lives. That is why welfare reform alone cannot solve the NEET crisis. But without a new welfare system that helps young people climb the participation ladder any other reform will fail. It has to help every young person to earn or learn.

A new participation system

119. The central failure exposed by this Review is not a lack of effort on the part of young people. It is a lack of a system to provide them with opportunity and support. Employers experience the same fragmentation. Solving the NEET crisis means that the State needs to get its house in order. Our country has never had a system

dedicated to securing young people's participation in education, employment or training. The scale of the challenge cannot be tackled by piecemeal efforts. It needs a systematic approach. And a system to deliver it.

120. At the centre of government, Whitehall departments should be brought together around one implementation plan by a new dedicated central function. But the change needed to meet the ambition of a NEET Zero rate has to be more radical than simply improving coordination. A new settlement should align five pillars that are currently separated: entitlements, responsibility, money, information and delivery.

121. First, new statutory entitlements for young people in the form of the Opportunity Guarantee and the Support Guarantee, described above.

122. Second, a new Youth Opportunity Service (YOS) should operate in every part of England as the delivery mechanism for these Guarantees. Its purpose should be to make sure that a young person who is outside education or work, or at serious risk of becoming so, has somewhere to go and somebody responsible for helping them move forward. Access to the YOS should depend on a young person's need for help, not on whether they happen to be claiming benefits. It should be easy to find, welcoming and non-stigmatising, whether a young person reaches it online, through a physical service or through an organisation they already know and trust. It should identify young people before detachment becomes entrenched, help them find jobs, apprenticeships, courses, work experience and other opportunities, understand what is getting in the way and, where more sustained help is needed, bring together one Participation Plan and one named relationship around the young person. It should operationalise the new welfare and benefits system for young people.

123. The YOS should not provide every service itself but make the system work around the young person rather than expecting the young person to navigate it. Where health is a barrier, it should help them access support to aid their route into participation. The same principle applies to disability, transport, housing, caring responsibilities and other barriers. Responsibility should not end when a referral is made or a job, course or placement begins. Where support is needed, the YOS should remain involved until participation is secure. Employers should have the same simplicity: the YOS should be one place to offer jobs, apprenticeships and work experience, one route to practical and financial support and one source of reliable advice on issues such as safeguarding, workplace adjustments and the practicalities of giving a young person their first chance.

124. The YOS should be built primarily from the people and organisations already supporting young people, rather than by creating an entirely new bureaucracy. This could include youth-facing support in Jobcentre Plus, local authority participation

teams, the employer-brokerage and careers infrastructure built through Careers Hubs, and staff working through Youth Hubs and other local employment-support services.

125. The YOS should provide a common model but be locally led so that the design and delivery of the service can meet the needs of young people, employers and local labour markets. Mayors should be able to commission a local YOS from a variety of sources including a community organisation, a local authority or a football club foundation. For young people and employers alike, the YOS should replace a maze of programmes and front doors with one coherent system. By 2029 every area in England should be expected to have in place local services to deliver on this.

126. Thirdly, I propose that strategic authorities in England should be responsible for the participation system across ages 16 to 24 within their areas, with local authorities remaining the local backbone and retaining their statutory responsibilities for 16 and 17 year-olds. This extension to age 24 is a fundamental change. At present, the State's responsibility for young people falls away after age 18. Mayors should work through one shared Area Youth Participation Plan, agreed with their constituent councils, the NHS, education and skills providers, employment services, employers, the voluntary sector and young people. That Plan should be the vehicle for those institutions to align around shared objectives and to commit pooled resources. Every area should have mandatory priority-cohort plans, to address the needs of the most at-risk groups (such as disabled people and carers) and identify the immediate actions that can be taken to narrow the gaps in their participation rates. A place cannot claim success if its average improves while the young people with the greatest barriers are left behind.

127. Multi-year Participation Agreements between central government and strategic authorities should align money, powers and responsibility. They should bring together the devolved funding and authority needed to deliver the Guarantees, including employment support, skills and training, re-engagement and the local infrastructure behind the YOS. They will be the mechanism to hold strategic authorities to account for delivery. Funding must also be multi-year. Current annual funding cycles provide no certainty for longer-term commissioning. Health funding should be aligned through agreements between local ICBs and strategic authorities and binding directions on the NHS to collaborate with the local YOS.

128. In the medium term, the Government’s plan to allow greater sharing of local taxes should give mayors greater control over how budgets – and any savings - are spent. In the meantime, Participation Agreements should be tested to allow places to share in the financial gains from preventing long-term youth economic inactivity. This more radical form of fiscal devolution has to sit alongside devolved delivery if powers and responsibilities are to be fully aligned.

129. A shared participation data infrastructure turns visibility into action. It should help places identify young people who are NEET or at risk, support one plan across services and connect the support provided to sustained outcomes. Without it, the Guarantees cannot be enforced, cases cannot be joined up, and nobody can know whether the system is working. Data is part of the service itself, not a reporting exercise alongside it.

130. These changes will replace the current fragmentation of provision with a cohesive participation system.

1.2 Investment, implementation and impact

131. During the course of the Review, we have undertaken extensive modelling and testing to ensure that the new system that we are proposing is capable of delivering the ambition. We have examined evidence about what works both from our countries' own history and from across the globe. That evidence has been used to design this new settlement.

132. None of this will count for anything, however, unless the country makes a deliberate choice to invest in this change. It is no good willing the ends without also willing the means. Historically we have invested so little. During the 1980s through the Youth Training Scheme and in the late 1990s/early 2000s with the New Deal we spent significantly more than we are now, even though during the latter period NEET rates were lower than they are today. The very welcome investment this government has made in the Youth Guarantee is only 17 per cent and 46 per cent respectively of the investment made in those previous schemes.[43]

133. The UK has significantly reduced investment in employment support over time, with spending on employment policies falling from 0.3 per cent of GDP in 2010/11 to 0.1 per cent in 2025/26. [44] We spend much less on employment policies than some comparable countries. For example, Denmark spent an average of 0.4 per cent of GDP on employment policies between 2010 and 2024.[45]

134. Falling investment in young people also stands in marked contrast to rising public expenditure on older generations. This is not an argument against government supporting older people. Rather it is a question of ensuring generational fairness. Over the last 20 years the gap between the State's investment in children and young people and older generations has widened significantly. In 2004/5 the gap was already large and since that point has become a chasm, more than doubling in size.[46] This is neither sustainable nor is it fair. Of course, as society ages, care costs will rise. But further demographic change – with fewer younger people and more older ones – also means that we will need more of the next generation in employment and paying taxes in order to sustain older generations. That is one of the reasons why I propose a new Youth Opportunity Test for public policy – so that

spending decisions must explicitly consider how they impact the prospects of the next generation.

135. Failure to address high NEET rates is already costing the country around £125 billion a year. The fiscal cost alone is almost £22 billion.[47] Standing still imposes a high and rising fiscal burden.

136. The choice is not whether we spend more money, but on what. Currently, we are spending more on keeping young people inactive and on benefits. My proposals are about spending money on enabling young people into participation.

137. Across these reforms, the central shift is from spending on the consequences of youth detachment to investing in participation itself. That means intervening earlier, joining services around the young person and directing resources towards the support and opportunities that enable them to stay in or move into education, training and work.

138. Meeting the NEET challenge requires upfront investment. The reason is simple. The Government will need to help create the opportunities – to learn and earn – and provide the support to enable young people into participation. To kickstart the reform programme an initial £500 million investment should be made available for 2027/28 from the Government, by reprioritising existing spending. This will fund enhanced employment support, mental health support and expanded work placement, college and apprenticeship places.

139. Beyond 2027/28, investment will need to ramp up. The majority should come from a radical reprioritisation of government spending. Three Spending Reviews are expected over the next decade, and they will need to determine how best to source, phase and allocate the additional multi-billion pound investment required for future years. In particular, investment for these reforms should be a priority for the 2027 Spending Review.

140. As upfront investment in enhanced opportunity and support takes effect, savings will start to come from reduced spending on benefits while increased revenues for the public purse will flow from more people being in work and paying their taxes. The positive fiscal impact increases with sustained growth in young people's participation rates until the package achieves fiscal savings in 2036/37.[48]

141. By then total annual government investment should be around £5.8 billion for the Guarantees, hiring incentives, health, education and skills. This should be offset by £3.6 billion of savings driven by welfare reform and £2.4 billion in increased tax revenues and reduced benefit payments from growing employment. From 2036 onwards savings should continue to accrue as a result of a sustained increase in employment and ongoing welfare savings and increased tax revenues. [49]

142. Where I have proposed investment I have prioritised areas which will have the greatest impact. Ultimately, we are aiming for a NEET rate that is consistently at around 5 per cent. The modelling we have undertaken shows that the reforms and policies that are proposed in this Report get the NEET rate down to around 6.8 per cent by 2036[50]. But I believe that a combination of potentially higher levels of economic growth, partially as a consequence of more people being in work, and new momentum in the youth labour market should be sufficient to close that gap to the 5 per cent NEET Zero ambition. Achieving a 5 per cent NEET rate would mean approximately 600,000 more young people participating in education, employment or training each year than would have been the case otherwise.[51]

143. The success of these reforms should also be judged on the impact they have on the lives of everyone across the UK by contributing to higher levels of economic growth. I have assessed the impact these reforms are expected to achieve in terms of their effect on GDP. By 2036, if delivered in full, they could add approximately 0.4 per cent of GDP per year.[52]

144. On both fiscal and economic grounds, I believe the package of proposals here is credible and impactful. They deserve to be supported. I do not see the choice as one between spending and saving. It is between investing earlier to increase participation or paying later to manage failure.

145. The changes I am proposing are by design radical and long term. The timeline for implementation looks to deliver change as rapidly as possible but in a way that creates a path to the long-term structural changes required to prevent future generations becoming NEET. While the intention is to hit the ground running, the speed of change has to be sustained over time. This is a 10 year plan, not a one-year sprint.

146. In the first 100 days, government should confirm the national ambition, the core entitlement and the accountabilities that will underpin the new system. The first wave of strategic authorities should begin preparing Participation Agreements and detailed Area Youth Participation Plans. The new co-ordinating function at the heart of government should be established to aid this process.

147. During 2027, the initial investment of £500 million should be deployed. Every area should begin building the Youth Opportunity Service. First Chance should launch; the expanded Youth Jobs Grant should be put in place; practical barriers to work experience should be removed. Health reform should begin at the same time with fit-note reform; the universal digital mental-health offer; expansion of Early Support Hubs and high-intensity Mental Health Support Teams; and youth participation should be made part of NHS accountability. The welfare changes and the Opportunity and Support Guarantees should be taken through Parliament. The Spending Review should make funding for this programme of change a priority.

148. During 2028, reforms to apprenticeships and further education should be widening access to high-quality training, with employer incentives aligned to creating opportunities for young people. The new Ready-for-Work Standard and strengthened school destination measures should be introduced. Together, these changes should strengthen education's contribution to sustained participation in learning and work.

149. By 2029, every strategic authority should have a Participation Agreement and every area should be able to demonstrate a coherent local YOS with integrated health and employment support and one employer-facing route. The new benefits system should be in place.

150. By the early 2030s, there should be a fully functioning statutory participation system in place: a YOS in every place in England, legal Opportunity and Support Guarantees, strategic authority accountability, common data and standards, and funding organised around the participation objective. Critically, the NEET rate should be falling consistently with no 16 to 17 year-olds who are NEET.

Reasons to believe

151. I know the scale of change proposed in this Report is large. So is the ambition. It is easy to be sceptical about whether success is possible. But there are strong grounds for optimism.

152. First, other countries have achieved what Britain has not. The Netherlands has brought its youth NEET rate close to 4 per cent, while Ireland, Germany and Denmark also perform substantially better than the United Kingdom.[53]

153. Second, I have found a broad political consensus that tackling Britain's NEET crisis must become a public-policy priority. During the course of this Review, I have engaged with politicians from across the political spectrum. All recognise that change and urgent action are required.

154. Third, since the Interim Report was published, something important has happened. The country has begun to mobilise. Around 100 local authorities have established taskforces to reduce local NEET rates. Employers, charities and community organisations have begun creating more opportunities for young people.

155. None of this is yet a national system, but it shows that concern is turning into action. The Interim Report did more than diagnose a problem. It helped to activate a response. I do not see this Report as simply a list of recommendations for government. It is an opportunity to harness that momentum and turn it into a national movement for change.

The Working State

156. The next generation is facing a crisis of opportunity. It is a global phenomenon. Across the developed world the relative share of income taken by the young is smaller than previous generations. Both income and wealth gaps between old and young have widened. The housing ladder and career ladder have both become more out of reach for many more young people. Now they face the risk of an AI-led employment meltdown.

157. None of this is peculiar to the UK. So why is the NEET crisis here so much worse than elsewhere, particularly in countries that are comparable to ours elsewhere in Europe? I think the answer lies in the specifics of the way the labour market and state services have operated here. The system, such as it is, from the labour market through education, health to welfare, is not working. And neither are more and more young people. We are at a fork in the road.

158. I believe it is time for the country to face up to three big choices about which direction we now take. The first is whether we are prepared to make the next generation a national priority. The second choice is whether we are prepared to mobilise the country to make it happen. The third is whether we are prepared to make the scale of reform and investment to give young people the best possible first chance in life.

159. My answer to all three questions is a resounding “yes”. We must back the next generation. The creation of more opportunity is the end. Collective contribution has to be the means. Where opportunity has closed down, it will need courage to open it up. System-level transformation has to be backed by long-term investment if change is to be sustainable. We have to be prepared to put our money where our mouth is.

160. I hope the scale of the ambition I have set out in this Report, an effective rate of NEET Zero, is matched by the scale of change I am proposing. Getting to full education and employment participation for the young will take a decade.

161. These proposals will mean a lot of change across a lot of fronts. Youth participation will run through public policy like a stick of rock. An old welfare state will give way to a new working state. Preventing young people becoming NEET will begin in the early years and with more support for parents. The school curriculum will be rebalanced to better prepare young people for the future world of work. More college places and apprenticeships will open more opportunities for young people to participate. Employers will be helped to create more first chance career opportunities for young people by regulatory, organisational and fiscal changes. In health, local services will have new duties to dedicate resources and contribute efforts to solving the NEET crisis. In mental health there will be instant access to

support and new waiting time standards so that young people can be helped to work rather than getting stuck on welfare. A new welfare system for the under-25s will invest more to enable more young people to earn or learn and less on simply writing benefit cheques.

162. There will be new institutions and new laws needed to help make all this happen. Strategic authorities, working with local authorities, will have new accountabilities, powers and resources to drive forward local efforts to reduce NEET rates. A Youth Opportunity Test will ensure laws and regulations enable rather than inhibit participation. Public procurement rules will have youth participation requirements embedded at their heart. New entitlements for young people to a decent opportunity and a proper level of support will have legal force. A Youth Opportunity Service in all parts of the country will be created to deliver them. This is the new engine room of a Working State.

163. No report can foresee every consequence of reforms on this scale. Some things will prove harder to implement than they look on paper. Some policies will need to change as evidence emerges. Government does not have a monopoly on wisdom, and neither does this Review.

164. None of this will be easy. But we know that the present settlement is not working. We know that small changes at the margins will not solve a problem that has been building for decades. If the prospect of a lost generation is to give way to a work generation in which every young person has the chance to earn or learn, big changes cannot be avoided.

165. The next generation needs a State that is rewired to work differently. One in which power is devolved to local places. One organised to maximise opportunity for young people. One in in which services pull in the same direction. One where the State makes it easier for employers to hire more young people. One which intervenes earlier rather than pays later.

166. For too long we have spent heavily on the consequences of detachment and too little on preventing it. That is the wrong way round. A Working State invests earlier in the things that make participation possible: childhood, education, skills, health, employment support and first opportunities. That does not mean money is unlimited. It is not. Existing spending needs to be used better, fragmented funding brought together and new investment matched by fiscal discipline. But there is no credible route to systemic change that assumes investment can wait until savings have already arrived. Upfront investment is what triggers downstream savings.

167. Investment plus reform is the formula that can deliver the fundamental reset needed to unleash the potential of the next generation. From managing disengagement after it has happened to preventing it before it does. From preparing young people for the old world of work to equipping them for the new. From a labour

market that has narrowed first chances to one that actively opens them up. From a health model that lets young people fall into welfare to one that enables them into work. From a benefits system that writes a cheque to one that creates an opportunity. From fragmented services to one system. From a question that is asked about what a young person cannot do to one that asks them what they could. From a passive welfare state to an active working state.

168. The choice is not between reform and no reform. It is between acting now or continuing to pay, year after year, for the consequences of failure; between opening up opportunity or allowing more young people to drift into economic inactivity; between a State that waits until lives go wrong and one that acts earlier to help them go right.

169. What I propose is not reform at the margins. It is to change the way the State works and the way the labour market operates.

170. The ambition of this Review is not another programme for another Parliament. It is to create a permanent platform on which change can be built. It is intended to be a new settlement not just a new plan.

171. The cause I am asking the country to rally behind is to ensure that every young person who can learn, earn or contribute has the chance and the support to do so.

172. Britain has the means and the chance to act. What is now needed is the collective will to make participation a national purpose and to sustain it long enough to change the prospects of a generation.

173. Britain has to stop managing youth detachment as though it were an unavoidable fact of modern Britain. Instead, we need to decide that nearly one million young people outside education, employment or training is a national failure we are no longer prepared to tolerate.

174. A lost generation is not inevitable. A work generation is possible. Young people need a working state and a new settlement to bring it about.

175. It is within our power to make that happen.

Chapter 2: A lost generation is a choice

176. A lost generation is a choice. In my first report I set out how Britain reached this point. Over these last few months I have spoken to hundreds of young people directly and for this final report the Review team systematically canvassed their views. I wanted to hear not only why they became NEET, but what they believe pushed them away from work or learning, and what still gives them hope. Nearly 3,000 young people took part in the Review's latest online survey, two thirds of whom are NEET.[54] Others spoke through the Review's Youth Panel, engagement sessions with disabled young people and new research on transition points, work experience and apprenticeships. We have also drawn on the Youth Voice Census conducted by Youth Employment UK.

177. I wanted to test whether the diagnosis in the Interim Report matched the lives young people were actually living. It does. But it also reveals something the headline statistic hides: young people who carry the same NEET label can be in very different places. Some are ready to start work or learning now. Some have been in and out of short jobs or courses. Some are blocked by a lack of experience or a missing qualification. Some are dealing with poor health, disability, caring responsibilities or a loss of confidence. A smaller group cannot participate at the moment and a group of severely disabled young people may never be able to.

178. What I take from the evidence is simple. NEET is a status, not a diagnosis. It tells us where a young person is today. It does not tell us what they are capable of tomorrow, what has happened to them, or how far they are from getting back on their feet. My first report reached a clear conclusion: these young people were not short of ambition or talent. The new evidence reinforces that finding. But it also takes us further. The NEET label conceals as much as it reveals. The question now is not simply how many young people are outside work and learning, but how they got there, how far they are from the next step towards earning or learning and what would reconnect them.

A crisis of detachment

179. Our quantitative survey found that one third of NEET respondents said they had never been in paid employment, compared with one fifth of young people in education, employment or training. Another 24 per cent had moved in and out of paid work, compared with 18 per cent of their peers who are not NEET. Only 14 per cent of NEETs said they had mostly been in paid employment since leaving compulsory education. Among non-NEET respondents the figure was 46 per cent. Yet 57 per cent of NEET respondents had been in education at some point during the previous two years and 47 per cent had been in paid work.[55] For many, detachment is not one dramatic break. It is a series of interruptions. A course ends.

A short contract finishes. Health deteriorates. A few weeks become a few months. The gap then starts to make the next move harder.

A crisis of anxiety

180. Behind these numbers is a wider anxiety about what adulthood now offers. The Youth Voice Census 2026 heard from 11,508 young people aged 11 to 30. The economy was the national issue they were most likely to identify as a concern, cited by 46 per cent, up from 38 per cent a year earlier. High life satisfaction has fallen from 38 per cent in 2024 to 33 per cent in 2026. High anxiety remained at 22 per cent.[56] Not every measure is getting worse. But insecurity has become a persistent backdrop to work, study and independence.

181. The concern is not confined to young people. In polling commissioned for the Review, 50 per cent of UK adults said young people today have fewer opportunities than previous generations. Only 23 per cent said they have more.[57] Parents of children aged 12 to 18 were even more likely than average to say opportunities have narrowed than parents of children aged 5 to 11 (53 per cent and 45 per cent respectively).[58] This generational anxiety reaches well beyond the NEET figures.

182. When asked what has contributed to the rise in young people who are NEET, 36 per cent of adults pointed to limited access to apprenticeships and entry-level jobs, 32 per cent to fewer opportunities for part-time work or early work experience, and 35 per cent to young people lacking motivation or the desire to work.[59] But age matters. Among 16 to 24 year-olds, 48 per cent pointed to fewer opportunities for part-time work or early work experience, while only 18 per cent blamed a lack of motivation.[60] Older and younger generations are not always describing the same problem.

183. Technology adds another uncertainty. 69 per cent of young people in the Youth Voice Census had used AI or machine-learning tools, but 55 per cent said technological change made them uncertain about the future and only 19 per cent believed it would create more opportunities.[61] This is not a generation turning its back on change. Young people are already using the technology. What many cannot see clearly is where they will fit in the labour market it is helping to create.

A generation with ambition

184. Our online survey also tells us something more hopeful. The ambition is still there. 73 per cent of NEET respondents said they wanted to move into employment, education or training: 42 per cent wanted a full-time job, 16 per cent a part-time job and 16 per cent education or training. Among those with a preferred next step, 77 per cent were looking for jobs, courses or opportunities and 45 per cent were already applying or making enquiries. Only 4 per cent said they were doing nothing to move towards what they wanted.[62]

185. The disabled young people I heard from were equally clear. They talked about careers, independence, their own money and the chance to contribute. Their ambitions ranged from teaching, law and social work to theatre, trades and starting businesses of their own. One young person said: "Earning my own money and being independent makes me feel so good about myself."[63] Another wanted to turn her own experience into a business training social workers and carers for children in care and disabled people.[64] These are not young people without aspiration. They are young people asking whether there will be a route for that aspiration to be realised.

186. Most strikingly, 52 per cent of the NEET young people we surveyed wanted to move into paid work, education or training as soon as possible. A further 25 per cent wanted to do so but felt their present circumstances made it too difficult. Of those who wanted to move forward, 61 per cent said they could start now if the right opportunity became available. Another 13 per cent thought they could start within a few months with practical help. 13 per cent said they would need more intensive support first. 6 per cent did not feel able to take part at the moment. [65] That is not one cohort. It is a wide range of need hidden inside one label. But the overall message is clear: there is no shortage of appetite for employment and education among young people.

A variety of need

187. The barriers to young people's participation are varied. Among those NEET young people who wanted to work, lack of experience was the single biggest obstacle, cited by 53 per cent. A further 31 per cent said they lacked the right skills for the jobs they wanted. For young people wanting education or training, not having the required qualifications was cited by 37 per cent and cost by 33 per cent. Health or disability was cited by 29 per cent and lack of information about opportunities by 27 per cent.[66] The problem is not simply whether a young person wants to move forward. It is what is standing between them and the next step.

188. The wider youth evidence points in the same direction. Among 17 to 19 year-olds in the Youth Voice Census, 67 per cent said they were likely or very likely to apply for a job as their next step, compared with 51 per cent who said the same about university. Yet only 26 per cent of young people believed good-quality jobs were available in their local area: 39 per cent disagreed. 30 per cent identified a lack of local jobs as a barrier to finding work.[67] The appetite to work is there. The openings are not always there with it.

189. One Youth Panel participant became homeless in Year 13 and described trying to continue studying without a stable home or permanent address: "It's hard to home school yourself without a stable home."[68] Another care-experienced young person

said that where university should have supported them, "I felt things were made harder for me".

190. Health is now central to the NEET crisis. 48 per cent of NEET respondents reported a long-term health condition, compared with 25 per cent of non-NEET respondents. 37 per cent said their NEET status was related to a physical or mental health condition or disability. Among NEET respondents with a long-term condition, 79 per cent said it was one of the reasons they were currently outside work, education or training.[69] The issue is not simply how many young people report a health condition. It is how much that condition affects what they can do. Among NEET respondents with a long-term condition, 54 per cent said it reduced their ability to carry out day-to-day activities a lot, compared with 22 per cent of non-NEET respondents with a condition. Across the whole sample, around two in five NEET respondents had a long-term health condition that affected day-to-day activities, compared with around one in five of their non-NEET peers. Among the small group who did not expect to move into work, education or training now or in the future, health was by far the most common reason, cited by 73 per cent.[70] Seen over time, it is obvious how far health and participation have become intertwined.

191. The workshops with disabled young people show what sits behind some of those numbers. One participant paid £2,000 for a private diagnosis after becoming sick of waiting. Another waited four years for an autism diagnosis before being able to access the support they needed. Another described mental health help arriving only when they were "on the edge".[71] Sometimes the failure is captured in a single sentence. One disabled young person told the Review: "Access to Work came after I finished work."[72] The support existed. It simply arrived after the job had gone.[73] What can look from the outside like disengagement can be the end of a much longer story of need going unmet.

192. The same workshops also exposed how quickly past difficulty can follow a young person into recruitment. One participant had missed expected GCSE grades while their health condition was uncontrolled, then went on to achieve a first-class science degree, but still found employers screening them out because of the earlier qualifications. Another had applied for around 100 jobs, heard back from around 12 and received feedback from five. A young person with a non-apparent disability summed up the fear of disclosure: "Every single time I have opened up, it has been a negative experience."[74] The issue is not simply getting through the door. It is what repeated rejection teaches a young person to expect from the next door.

A rejection economy

193. Statistics can tell us how many young people are outside work and learning. They cannot show what it feels like when the next step never arrives. In our research,

young people described the isolation and emotional toll of looking for work in a market where they felt there were too few openings. One said, with bleak humour: "It's exciting when I get a rejection because it's like oh my gosh, they actually emailed me back."[75] A young person on the Youth Panel put the same feeling more starkly. Applying for jobs, they said, "just sucks the soul and life out of you, really". They spoke about the time and emotional investment that goes into application after application, often without feedback.

194. Another young person in our qualitative research said they had received rejections months after applying for jobs they had forgotten about. Silence on that scale gives a young person nothing to learn from. It also begins to change what they expect from the next application.[76]

195. This is the rejection economy that too many young people experience. Rejection shrinks a young person's world. In our research, young people described being NEET as demoralising and isolating.[77] Friends had moved away for university or work while they were left at home, sometimes with little contact beyond immediate family and few ways to make new connections.[78] At this age work and learning are not only routes to income or qualifications. They are also routes to routine, relationships and belonging. This is happening at the point in life when the world is supposed to be opening up, not closing down, for young people.

A catch-22 where experience counts but is not available

196. Experience has become a form of currency in the labour market. Employers ask for it because it reduces uncertainty when they hire. But young people do not acquire that currency on equal terms. A family able to make a call to an employer can open a door that another family cannot. A 17 year-old put the trap plainly: "It's like, they want experience for a part-time job, so I can't get experience to get a job to get experience to get a job."[79]

197. Lack of work experience was the most commonly reported barrier to entering work. 39 per cent of NEET respondents had undertaken work experience during secondary school, compared with 56 per cent of non-NEET respondents. Even where they had done it, they were less likely to say it had helped them move towards work, education or training: 45 per cent compared with 59 per cent.[80]

198. The work experience research shows how easily opportunity can depend on who you know. Among the 23 young people aged 15 and 16 we interviewed who had recently completed a placement, personal networks played a major role in finding one. Many placements came through parents or friends of parents. Young people without those connections had fewer choices. Some did work experience in local primary schools simply because that was the only opportunity available. Support afterwards was often slight, beyond practical guidance. Several young people said

there had been little reflection on what they had learned or how to use it.[81] The quality of the experience varied too. Some young people valued seeing what a workplace was really like. Others said they were treated "like a kid" or given easy and boring tasks that bore little resemblance to the job. One young person said: "The school did tell you that you could learn valuable skills beforehand but there was no reflection otherwise."[82] A placement can happen but not necessarily leave the young person feeling more capable or more connected to work.[83]

199. The Youth Voice Census makes the experience gap even clearer. Among the relevant group looking towards work, 57 per cent identified lack of work experience as a barrier, up from 47 per cent in 2025.[84] Most felt able to write a CV, complete an application and attend an interview. Confidence fell when they were asked whether they had suitable experience, the right qualifications or useful networks. Only 28 per cent felt confident they had suitable experience and 31 per cent felt confident they had the personal networks that might help them find an opening.[85] 75 per cent of young people looking for work said paid work experience would help them.[86] The missing ingredient is often not aspiration or effort. It is exposure.

200. For disabled young people, the experience gap can be even harder to close. One participant described being rejected from a work experience placement because the venue's lift was broken. Moved to another setting, they were given unwanted administrative tasks rather than meaningful experience.[87] Another said they felt they had to mask their disability throughout a placement and did not feel able to ask for breaks. Others had been unable to take part in placements alongside university because managing their health already used so much of their capacity.[88]

201. Some young people already have experience that the labour market simply does not recognise. One young woman in Newcastle had spent years caring for members of her family, including her blind father. When she applied for a paid care role, she was turned down because, in her account, that caring experience was not on her CV in the form employers recognised. Her own summary was devastatingly simple: "I've looked after my dad. I've looked after my grandad. And my sister. So technically, I had the experience."[89] It is hard to think of a clearer example of how a young person's capability can be present and still remain invisible. Her experience is not unusual - 28 per cent of NEET young women are economically inactive because they are looking after family, compared with around 6 per cent of NEET young men.[90]

A one-way track from education

202. Just 35 per cent of NEET respondents said school had helped them gain the qualifications they needed for the future, compared with 62 per cent of non-NEET respondents. 29 per cent said it had helped them develop the skills they needed,

compared with 48 per cent. Only 16 per cent said school had prepared them to be successful at work, 14 per cent that it had prepared them for adult life and 11 per cent that it had helped them get a job. Among their non-NEET peers the equivalent figures were 30 per cent, 22 per cent and 22 per cent.[91] The difference runs from attainment through to whether a young person feels ready for what comes next.

203. One young person told the Review that school had offered one or two presentations on apprenticeships but the main focus was UCAS: "not everyone wants to go to university".[92] Our apprenticeship research tells a similar story. In research conducted for this Report, young people and employers both saw apprenticeships as a valuable route into work, particularly in a difficult labour market.[93] Yet some young people felt university was still treated by schools as the default marker of success. Conversely, one apprentice described watching friends finish university and struggle to find work while, as they put it, "I've kind of got in early."[94] The apprenticeship route can work. The problem is that its quality, availability and status still feel uneven from the young person's side. One young person had moved around 170 miles for an apprenticeship because the opportunities they wanted were concentrated in bigger cities. Others worried that apprentice pay would not cover the cost of living or relocation.[95]

204. Nor is detachment confined to young people who struggled academically. Our research heard from graduates who had done what the system asked of them, gained qualifications and still could not secure a suitable first job.[96] That is a particularly corrosive form of disappointment: a young person follows a well-trodden route and then discovers that the bridge into work is missing at the end of it.

A support gap

205. NEET respondents were less likely than their peers to say they had received help towards work, education or training from family, education providers and friends.[97] Separately, only 4 per cent said they could rely on a teacher or tutor when they needed support or help, compared with 21 per cent of non-NEET respondents.[98] Our research heard young people describe the end of education as an abrupt loss of contact. One said: "Once you leave, [the school] just cut off all connections with you."[99] A Youth Panel participant put it more simply: "Nothing was in place - I was lost."

206. Families often fill the gap. Parents sit beside young people to help make applications, coordinate appointments, challenge decisions, pay for transport and keep routines going when confidence collapses.[100] In the disability workshops some family members had reduced their own hours or left work to provide support.[101] Care-experienced young people described the absence of that safety

net as especially damaging.[102] Too much depends on whether somebody in a young person's life has the time, money and confidence to keep fighting after a formal service has stepped away. That is one of the saddest findings in the evidence. Too much of the system works because an adult goes beyond their job to do the right thing. A teacher stays involved. A parent makes another call. A youth worker refuses to give up. Those acts matter enormously. But they also reveal how much luck remains in the system. The young person with a relentless advocate can be pulled back from the brink. The young person without one can disappear.

A warning sign no-one heeds

207. Asked what might have stopped them becoming NEET, young people did not describe exotic interventions. 39 per cent chose more local jobs or training opportunities. 36 per cent chose help finding work experience or placements. 31 per cent chose more support at school or college, including mental health, SEND or pastoral support.[103] What strikes me is how ordinary those answers are. A job nearby. A placement. Better help at school. Someone who notices that things are beginning to go wrong. 18 per cent of NEET respondents reported leaving school, college or training early and 21 per cent leaving or losing a job. [104] At that point the young person is not invisible. A school, college, employer or service still knows who they are. The problem is what happens next. The institution records the exit but no-one is responsible for doing something about it.

208. That gap is visible before a young person formally becomes NEET. The Children's Commissioner's analysis found that 52.2 per cent of 16 and 17 year-olds in further education had attendance below 90 per cent in spring 2026. [105] A young person can remain enrolled on paper while becoming detached in practice.

209. One disabled young person put the transition into adulthood more vividly than any system map could: "You don't jump into water without knowing how to swim, but with adulthood, people expect you to."[106] Disabled young people described what those handovers feel like. One young person from a rural area moved away from home to take the college course they wanted. In doing so they lost the support network that had helped them cope and eventually dropped out. By the time of the workshop they were NEET and preparing to start a different course, one they were less interested in, because it allowed them to remain at home.[107]

210. Those age boundaries can be brutal. One participant said that, despite an Education, Health and Care Plan being legally enforceable until 25 in the relevant circumstances, they had received no support since leaving full-time education. Another described being discharged from every service overnight on turning 18, despite still needing help. Some young people waited so long for children's services that they crossed the age threshold before receiving anything and then joined a new

queue for adult services. A birthday can change the service responsible. It does not change the person or the problem they are carrying. [108]

211. Transport can also be enough to close down a route into earning or learning. Disabled young people talked about rural buses running 90 minutes apart, crowded journeys that used up much of their energy before the working day had begun, and accessibility failures that left them unable to complete a journey independently. One wheelchair user described getting stuck on a train and having to travel back. [109] A college place, an apprenticeship or a job can exist on paper and still be out of reach in real life. Place matters. 39 per cent of NEET respondents said more local jobs or training might have prevented them becoming NEET.[110] In the Youth Voice Census, 30 per cent said lack of local jobs was a barrier to finding work. [111] Opportunity is not experienced nationally. It is experienced on a bus route, in a town, through the employers a young person can reach.

212. The difficulty does not end once a young person gets into work. Among young people already employed, 67 per cent of those responding to the Youth Voice Census described their employer as youth-friendly, 87 per cent said they knew what good performance looked like and 83 per cent felt able to speak to their manager about concerns. But 61 per cent also reported increased stress and 54 per cent had considered leaving their current job during the previous year. [112] The first foothold can be fragile even after it has been secured.

A system young people do not trust

213. Our online survey is equally clear about what young people say is missing now. 52 per cent wanted help finding suitable jobs, courses or training. 37 per cent wanted help building skills or experience. 28 per cent wanted support that took account of their circumstances, including health conditions or caring responsibilities.[113] Only 42 per cent of NEET respondents said they had received support from family or carers to move towards work or learning, compared with 56 per cent of non-NEET respondents. For education providers the figures were 22 per cent and 42 per cent; for friends and peers, 24 per cent and 33 per cent.[114] By contrast, 28 per cent of NEET respondents reported support from Jobcentre Plus or a work coach, compared with 8 per cent of non-NEET respondents. 14 per cent said they had received no support at all.[115]

214. Trust is thin too. Asked who they regarded as most credible in finding solutions, 45 per cent of NEET respondents chose young people with lived experience. Employers and business leaders came next at 19 per cent, educators and training providers at 16 per cent and charities and youth organisations at 11 per cent. Government ministers or officials were chosen by 5 per cent.[116] Whatever else that

figure means, it is a warning about distance. Young people do not necessarily believe the institutions talking about them understand what it feels like to be them.

A generation that is lost or a generation with hope?

215. Throughout this Review I have come across many reasons for pessimism: the scale of the NEET crisis, the complexity of the issue, the foreboding about the future. But time and again the reason I have emerged with optimism is the young people I have met and those we have surveyed. I have not heard a generation that has given up on work. I have heard young people applying for jobs even when they get no response. I have heard young people worrying that they do not have the experience employers want because nobody has yet given them the chance to get it. I have heard disabled young people fighting systems that can make them prove the same need repeatedly. I have heard graduates wonder why doing what was asked of them has still left them without a foothold. And I have heard young people describe, with striking modesty, the things they want: a job, independence, somewhere to go, somebody to listen, a chance to get started.

216. None of this is to argue that young people do not have personal responsibility to make the best of things. Effort matters. Attendance matters. Behaviour matters. Young people have agency and obligations. But it is dishonest to pretend that individual effort alone can overcome a labour market with too few first rungs, an education system that can lose sight of what happens after the qualification, health problems that interrupt the transition into adulthood, a benefit system that becomes a trap instead of a springboard and services that stop and start at institutional boundaries.

217. For decades, part of Britain's unwritten social contract has been the belief that the next generation should have the chance to do better than the last. The evidence in this chapter shows why so many parents, grandparents and young people now fear that promise is broken. But the bleakest conclusion would be the wrong one. The evidence also shows how much there is to build on. Overwhelmingly, young people who are NEET want to move into work, education or training. Most are already trying. Neither their ambition nor their appetite has diminished. The tragedy is how often the route into participation has.

218. This cannot be fixed by tweaking the edges of the existing system. The response now has to be full throttle: not another initiative or another round of incremental reform, but transformational change. We need a system that expects participation but also makes participation possible.

219. A generation should not be left by the roadside and then blamed for failing to find its own way back. Britain has tolerated this for too long. We know where young people are being lost. We know what happens when opportunity disappears, when

support comes too late and when nobody takes responsibility for the handover. Young people have told me what detachment feels like, and this has left me without doubt: if another generation is allowed to drift out of education and work, it will not be because we failed to see the problem. It will be because we failed to act.

220. A lost generation is not inevitable. It is a choice. The chapters that follow set out how we can make a different choice.

Chapter 3: Labour Market: A first chance

3.1 Rebuilding the first rung

221. A first chance. That is what is missing from the labour market for too many young people. Employers hold the key to creating that opportunity. But for too long youth employment policy has concentrated on changing the young person. The almost exclusive focus has been on improving their employability. The assumption has been that the labour market would then generate demand for that improved supply. That is not what has happened. The first rung on the career ladder has narrowed. Fewer young people get early exposure to work. And too many first jobs now demand the very confidence, experience and networks that work itself used to provide.

222. Over decades, even as employment has been rising, youth employment has been falling. This deep-seated structural change in the youth labour market has continued in more recent times. The Institute for Fiscal Studies estimates that payrolled youth employment rates fell by 4.3 percentage points between December 2022 and December 2025, equivalent to around 330,000 young people.[117] That fall has been a major driver of the rise in the NEET rate.

223. Without a change in the direction of labour-market policy, rebuilding the first rung will be difficult. It will not happen by itself. It requires a more active labour-market policy and a new bargain between government and employers to create and sustain more opportunities for young people. Britain cannot reduce youth detachment purely by preparing more young people to compete for a first rung that keeps narrowing. We need to sustain and increase demand for young workers, not simply improve labour supply.

224. The first rung of the labour market should be regarded as part of the country's core economic infrastructure. It is how one generation replaces the next in the workforce; how experience is acquired; how skills are put to good use; and how growth is generated. When it weakens, the consequences do not fall only on young people. Employers lose a pipeline of future workers, the economy loses productive capacity and the State inherits higher costs. Rebuilding the first rung is not a youth policy add-on. It is key to Britain’s economic future.

225. Since my Interim Report was published, I have been struck by how many employers have stepped up to the plate and begun to expand job and training opportunities for young people. Sectors like retail, hospitality and defence have made new commitments which are very welcome. Businesses large and small are also offering more work experience and changing the way they recruit. I have found far more willingness to engage in tackling the NEET crisis among employers than the

public debate often assumes. There is a reservoir of goodwill waiting to be tapped. Business wants to do more. But employer confidence is as fragile as the youth labour market itself. Government cannot ask business to create more first opportunities while ignoring the effect its own decisions have on whether those opportunities are viable.

226. Employers create more first chances. Government makes those opportunities easier, simpler and less risky to provide. A new bargain is needed. Employers should do more to create more first chances for young people. Government should make it easier, simpler, less costly and less risky for employers to do so. This bargain should be the heart of a new 'young people first' approach to labour-market policy and practice.

227. The scale of the challenge must not be understated. Hundreds of thousands of additional sustained employment opportunities will be needed over the next decade if Britain is to achieve comparable NEET rates with high-performing countries such as the Netherlands. Those opportunities will have to be created against a long-term decline in entry-level employment, youth apprenticeships and employer investment in training. Neither employer goodwill nor the present incentive structure will reverse those trends on their own. We have to stop treating youth employment principally as a problem of supply when it is also a problem of demand.

228. The proposals that follow ask employers to do more, so government has to do more in return. If the State wants employers to take a greater chance on the next generation, it has to help make that chance worth taking.

3.2 What has gone wrong: the jobs market has moved against young people

229. The NEET crisis, and the structural labour market change that has contributed to it, make the case for a new approach. For much of the post-war period, the transition from school to work had a visible first rung. Many young people left education and entered local jobs, apprenticeships or junior roles. It was not an equal system, but employers expected to take on inexperienced workers with work itself supplying much of the training, confidence and discipline later demanded of them. Industrial restructuring during the 1980s and 1990s weakened those routes. Policy responded with training schemes and, later, demand-side programmes such as the Youth Training Scheme, New Deal, Future Jobs Fund and, more recently, Kickstart. Those programmes recognised that weak demand mattered. But none of them lasted. Britain built schemes around a weakening entry labour market without rebuilding the first rung itself.

230. That matters more now because the wider economy no longer provides the same buoyancy as in the past. We can no longer assume that stronger growth will automatically pull large numbers of young people back into work. Britain has lived with low productivity and weak growth for much of the period since the global financial crisis. Average annual UK GDP growth was 2.8 per cent between 1998 and 2007, compared with 2.0 per cent during 2010-19.[118] The Office for Budget Responsibility's (OBR) October 2026 forecast put real GDP growth at 1.2 per cent in 2026 and 1.0 per cent in 2027, while the Treasury's October 2026 survey of independent forecasts averaged 1.4 per cent growth in 2026 and 1.2 per cent growth in 2027.[119,120,121] The practical effect of weaker growth is fewer expanding firms and fewer additional vacancies. In a low growth environment, a pro-youth labour market has to be built more deliberately.

The problem is routes, not only jobs

231. Overall employment can rise while the share of jobs available to young people falls. A labour market can create vacancies while making them harder for somebody without experience to reach. Headline employment figures can conceal a weakening of the entry system beneath them. The result is a labour market with jobs, but fewer first jobs.

232. Young people now account for a smaller share of employment.[122] Apprenticeships have shifted towards older workers and higher levels.[123] Traditional first-job sectors have contracted or changed the way work is organised. Entry-level recruitment has become more formal, more remote and increasingly automated. Entry-level vacancies have fallen by 49 per cent over the past decade and, over the past year, have fallen 1.6 times faster than the wider labour market.[124] That is not a rounding error in the statistics. It is the bottom of the ladder being taken away.

Experience is required before it can be acquired

233. The difficulty is greatest for young people without previous employment or family contacts. Entry-level roles increasingly ask applicants to demonstrate the very qualities usually developed only after somebody has started working: confidence, reliability, familiarity with workplace conventions and evidence that another employer has already trusted them.

234. Britain has allowed the first job to become a reward for experience rather than one of the principal ways in which experience is acquired. Recruitment processes make the problem worse. A young person can now be rejected because they do not perform well in a recorded interview or are unfamiliar with an automated application system. None of those things necessarily reveals whether they could

become a capable care worker, technician, construction operative, administrator or customer-service employee.

235. Those barriers do not fall evenly. Young people with disabilities, neurodevelopmental conditions, caring responsibilities, periods of poor health or gaps in education can be screened out before adjustments or support are considered. Young people with stronger family and professional networks are more likely to understand the conventions of recruitment and get help navigating them. The labour market can therefore reproduce existing advantage at the point where it ought to be widening opportunity. The problem is not that employers want suitable candidates. It is that entry processes can mistake polish, networks and prior work history for potential.

Opportunity still depends too much on who you know

236. The same pattern starts earlier, and the figures are damning. Young people with the highest levels of employer engagement before the age of 16 have around 80 per cent lower odds of becoming NEET than those with the least.[125] Yet only around 58 per cent of pupils complete any work experience at key stage 4.[126] Of those who secure a placement, 81 per cent arrange it themselves or through their family, and 78 per cent of school staff say family connections are the main reason some pupils benefit more than others.[127] As one young person told us, "If you have zero links, you cannot get a job in this day and age."[128] Access to work is still mediated too heavily by who a young person knows rather than what they could become. That is unfair to young people and bad for employers. A young person who reaches the age of 18 without meaningful exposure to work is then expected to demonstrate work readiness at interview. Employers inherit the consequences in weaker confidence, less familiarity with the workplace and greater demands on line managers. Opportunity cannot be rationed by parental contacts.

> "They did have like opportunities and work experience at uni, but they were all unpaid and because I was working while at university, I felt it wasn't really something I could do because I didn't have the time with working as well... There's a lot of barriers for people [like me] who are from like lower socio-economic backgrounds."[129] – *Participant from qualitative interviews, Young People and Work Report.*

Employers are carrying a growing pastoral burden

237. Employers who contributed to the Review also described a growing pastoral burden. Young people are entering work with more complex combinations of poor health, low confidence and limited workplace experience. The Interim Report found a marked rise in young people disclosing anxiety, depression and other health conditions that affect attendance, stress tolerance and consistency at work. That

changes the nature of the challenge from one of skill alone to one in which health, confidence and job design all bear on whether a young person can sustain employment.

238. Many employers want to support them, but smaller firms in particular lack the capacity to do so. A large company may have HR, occupational health and specialist support. A small business often has an owner and a telephone. At present, for example, most young people and most small employers have little or no access to occupational health or retention support of this kind.[130]

239. Employers need better access to workplace-adjustment advice, induction and retention support, and somebody to call before a manageable problem becomes a failed hire. If government asks employers to take more chances on young people who need additional support, government must also help employers make those chances succeed.

The cost-risk calculation has moved against young people

240. Employers do not experience government policy changes one at a time. Wage costs, employer National Insurance, pension contributions, sickness costs, scheduling rules, business rates and employment protections all feed into the same decision about whether to recruit. Many of those policies serve important purposes. Fair pay, greater security and predictable hours matter, including for young workers. But their combined effect on the first rung matters too. Over recent years the cost and complexity of hiring young workers has increased sharply. An employer choosing between a young person with no work history and somebody with experience will consider both cost and risk. As the difference in cost narrows, the business case for taking a chance on the inexperienced candidate can weaken, particularly in retail, hospitality, leisure, logistics, care and other sectors operating on tight margins. The result is rarely an employer making a conscious decision against young people. It is a rational decision in favour of certainty, repeated across thousands of workplaces. That is why exhortation will not work. If government wants employers to change the calculation, public policy has to help change it.

Public support is too fragmented

241. Over many years, government has introduced grants, wage subsidies, apprenticeship incentives, work trials, employment programmes and other initiatives. Many have helped the people they reached. But together they all too often induce confusion among employers. I have heard time and again from employers pleading for organisational simplicity in place of the current complexity.

242. Businesses are expected to navigate Jobcentres, colleges, training providers, local authorities, strategic authorities, charities as well as separate government

schemes. Eligibility differs. Support can be available before recruitment and disappear once somebody starts. Some schemes are restricted to only certain benefit claimants. The firms least equipped to navigate this complexity are often the SMEs that most need support. A small business cannot be expected to understand how the system works before it can employ a young person.

The State has underused its own levers

243. Government cannot credibly ask business to change while leaving its own house untouched. The public sector accounts for around one in five workers and, in many local communities, the NHS, councils, schools, colleges and housing organisations are among the largest and most stable employers. [131] Yet in the latest Local Government Association (LGA) published data, from 2019/2020, under-25s made up less than 5 per cent of the local government workforce in England and Wales.[132] Only 4 per cent of the Civil Service workforce and only 6.3 per cent of its entry-level workforce are aged under 25. [133] [134] This compares to 16 to 24 year-olds making up 11 per cent of the labour force nationally.[135] Just 22 per cent of the main government departments mention work experience on their websites.[136] This is a missed opportunity, particularly as ageing workforces create a growing need to recruit the next generation.

244. The State is also one of the largest buyers in the economy. Youth employment already appears in some social value commitments, but it is not consistently required, quantified or enforced. Promises made during procurement can become broad statements of intent once contracts have been awarded rather than businesses turning commitments into actions. Government cannot determine every private hiring decision, but it can decide what it expects when public money creates jobs. The major capital investment the Government is planning in the next few years in particular has to build the next generation of workers as well as new physical assets.

245. Taken together, the problem is not a lack of employer willingness. It is that the incentives, institutions and routes around employers are too weak and too fragmented. The evidence from countries with stronger youth participation shows that first chances do not emerge by accident. They are built deliberately.

3.3 What the evidence shows: opportunity must be built

Intentionality counts

246. During this Review I have visited countries including the Netherlands, Belgium and Ireland to understand what they are doing that we are not. All have far lower NEET rates than our own. Britain does not need to import another country's system. But

it does need to learn from what works. The key lesson is countries with lower NEET rates build the bridge into work deliberately; they do not leave it to chance. Take Belgium. In 2010 their NEET rate for 15 to 24 year-olds stood at 10.9 per cent.[137] For 2025 it was 7.4 per cent.[138] A participation first labour market policy is responsible for this success. Policies were introduced that created more localised employment support for young people, greater join up between schools and the labour market, and major reforms to boost pathways to technical and vocational education.[139]

Demand matters

247. Countries with stronger youth labour markets take employer demand seriously. Analysis by the Resolution Foundation considered by this Review found a much stronger relationship between spending on employment and training support and NEET rates than between benefit levels and NEET rates.[140] Denmark spent around 1 per cent of GDP on all-age hiring incentives and subsidies in 2022 and the Netherlands around 0.3 per cent, with the majority of support focused on young people and higher-needs groups.[141] The comparable UK figure is difficult to construct precisely, but HM Treasury's analysis of government spending estimates that we spent 0.1 per cent on GDP across all types of employment policies in 2025/2026.[142] Matching Dutch spending on just incentives and subsidies alone would imply roughly £6 billion additional spending a year and matching Denmark around £27 billion.[143] Britain does not need to copy those totals, but the difference in priority and resource between the UK and low-NEET countries in Western Europe is stark.

Employers as partners

248. Elsewhere, employers are partners with education and employment support services. Work-based learning is part of the route through education and into employment rather than an optional extra at the end. Young people reach the labour market with greater workplace experience and employers play a more direct role in shaping the skills and behaviours they need.[144] In the Netherlands, 69 per cent of vocational learners complete at least seven months of work experience during their studies, and just 2.4 per cent of young adults with vocational upper secondary attainment are unemployed, which is the lowest among OECD countries and other participants.[145,146] More broadly, the Netherlands' employment rate for 15 to 24 year-olds in 2023 was 76.5 per cent.[147] Belgium has similarly embedded work-based learning: young adults with vocational upper-secondary qualifications have lower unemployment than those with general upper-secondary qualifications and earn substantially more than those without an upper-secondary qualification.[148] A close relationship between employers and education means more young people gain workplace experience, and more move into work.

Employers need to be part of the bridge between education and work

249. Britain has pockets of excellent practice. What we do not have is a system in which employers are a core part of the architecture that can help young people from education to employment. [149]

250. I have heard it argued that employers in countries such as the Netherlands, Denmark and Germany simply have a different culture. I do not accept that. Those cultures have been shaped by decades of public policy that placed employers closer to education and labour market decisions and provided the institutions and support to make participation work. We can do the same.

Apprenticeships work

251. Low-NEET countries make much greater use of apprenticeships and work-based learning. The Netherlands, Denmark, Germany and Norway all have significantly more young people in apprenticeship routes than the UK. [150] Across the youth employment interventions assessed, apprenticeships produced around ten additional young people entering the workforce for every 100 that commenced one, the highest impact of the measures in the comparative analysis. [151] The economic value evidence points the same way: around £56,000 over a person's lifetime for a Level 2 apprenticeship and £104,000 at Level 3, compared with £54,000 and £67,000 for equivalent classroom-based qualifications. [152] At Level 3, the apprenticeship route delivers more than 50 per cent greater lifetime value than the classroom alternative.

The UK experience

252. Our own experience reinforces these points. The Future Jobs Fund demonstrated that well-targeted wage subsidies can create additional employment. [153] Kickstart had larger employment effects for young people with lower qualifications. [154]

253. The conclusion is clear. Britain does not need another temporary programme. It needs sustained demand-side support that enables employers to create more first chances.

3.4 Government has laid important foundations

254. The Government has not been passive. It has committed £2.5 billion to the Youth Guarantee and the Growth and Skills Levy over the current Spending Review period, with an ambition to deliver up to 500,000 opportunities for young people to earn or learn. [155] That is serious investment and it has put youth employment back where it belongs, near the centre of economic and social policy.

255. The Youth Guarantee Gateway gives young people on Universal Credit a dedicated work-support session and a route into work, work experience, apprenticeships, training or learning. The Jobs Guarantee offers eligible young people who have been out of work for 18 months a six-month subsidised job. The Youth Jobs Grant provides £3,000 to employers hiring eligible 18 to 24 year-olds after six months on Universal Credit. SMEs can receive a £2,000 apprenticeship incentive alongside full funding of training costs for eligible under-25 apprentices.

256. There has also been progress on prevention and on the routes into skilled work. The Growth and Skills Levy is being reformed, new routes into apprenticeships are being developed and Youth Guarantee Trailblazers are testing more coherent local delivery. Pathways to Work and Get Britain Working point in the same direction by bringing employment, health and skills support closer together and by trying to turn Jobcentre Plus into a genuine Jobs and Careers service. Youth Hubs are being expanded to more than 360 locations.

257. These are important foundations, but they do not yet form a system. Employers must still navigate too many schemes and access points, with too little certainty about support when a young person needs help. Eligibility still arrives too late for some and excludes others altogether. Investment has increased, but the employer offer is not yet simple enough and demand is not yet strong enough to rebuild the first rung.

258. Britain has launched youth-employment programmes before: New Deal, Future Jobs Fund, Youth Contract, Traineeships and Kickstart. The problem is not a lack of policy effort, it is that programmes come and go while the permanent infrastructure connecting young people, employers and places remains weak. The Government has made a serious start. It must now turn that scaffolding into a lasting system, supported by a new deal with employers to sustain a long-term, 10 year effort to improve youth participation in our country.

3.5 Government's side of the bargain: five changes

259. A new bargain needs to be struck between employers and government: employers should create more first chances; government should make it easier and less risky for employers to do so. That is the give and the get.

260. Too often the direction of public policy has been the opposite. Employers have faced higher costs, a maze of schemes, fragmented support and growing uncertainty about the rules of the game. Too often employers have been treated as if they were the problem rather than a central part of the solution. Government has a legitimate role in safeguarding workers and consumers and in acting where markets fail. But when it uses tax, regulation and law, it must ask whether it is helping or hindering employers in creating more opportunities for young people.

261. Government should adopt five explicit objectives to create a pro-youth labour market:

    i. Make hiring young people financially worthwhile.

    ii. Provide one simple route into employer support.

    iii. Remove avoidable regulatory and practical barriers.

    iv. Lead by example as an employer.

    v. Use public procurement to create more first chances.

262. If business is being asked to do more, government must make it easier and lead by example in creating a pro-youth labour market.

Helping employers financially

263. The starting point is employment costs. Over recent years, they have risen. Wage costs for young people aged 18 to 20 on the minimum wage have increased by 65 per cent over the last 5 years.[156] The employer National Insurance rate has increased and the threshold at which employers start paying it has fallen. Employment regulation is becoming more challenging for employers. At the same time, businesses are increasingly being asked to provide pastoral and workplace support for young people with more complex needs.

264. Good employment standards matter, and this Report does not argue for a low-wage route into the labour market. But government cannot be indifferent to the cumulative effect of the costs and obligations it places on the decision to hire. The principle should be straightforward: young workers should not be cheap, but neither should public policy make the first hire unnecessarily expensive. There is nothing progressive about pricing young people out of work. When the youth labour market is weak, every major decision affecting the cost of employment should be tested against whether it will open or close opportunity for the next generation.

265. I have looked carefully at what government can do to help employers financially with the costs of employing young people. Government has a legitimate role in sharing the cost and risk of a first hire when that support means a young person gets a job they would not otherwise have secured. Over many decades successive governments have rightly tried to find ways of helping employers with the costs of hiring young people. The question is, what is the best way to do so now when faced with an unprecedented youth employment emergency.

266. Financial support needs to be targeted where it changes employer behaviour and induces more hiring of young people. There is much less reason to spend large sums subsidising jobs that would have existed anyway. Employer research for this Review exposes the problem. Seventy-two per cent of employers say financial

support or subsidies would be the most beneficial form of assistance for them, yet seventy-two per cent of employers who had used an incentive also said it had not changed how many young people they hired.[157] That is not an argument against incentives. It is an argument for better ones.

National Insurance

267. I have looked carefully at employer National Insurance. Employers have consistently told me that higher payroll costs have made recruitment more difficult, particularly in sectors such as retail and hospitality where margins are tight and young people make up a significant part of the workforce. There are important existing protections for younger workers: employers pay no employer National Insurance on earnings up to £50,270 for employees under 21 and eligible apprentices under 25. But the 2025 changes increased the cost of hiring workers outside these exemptions. The employer National Insurance rate increased from 13.8 to 15 per cent, and the standard Secondary Threshold, above which employers begin paying employer National Insurance, was reduced from £9,100 to £5,000.[158] At the same time, the Employment Allowance was increased from £5,000 to £10,500 and extended to larger employers, allowing eligible employers to deduct up to £10,500 from their overall annual employer National Insurance bill. Without accounting for this Employment Allowance deduction, these changes nonetheless increased the cost of a full-time worker on the National Living Wage by around £800 per year.[159] The OBR estimated this package would raise £25.7 billion annually by 2029-30, directly from the bottom line of businesses.[160] The threshold changes have hit particularly hard and have had a profoundly negative impact on business sentiment.

268. Understandably employers have consistently argued for a reversal of the 2025 changes. I have also examined extending the existing under-21 exemption so that it also covers 21 to 24 year-olds. Modelling undertaken by the Resolution Foundation suggests that doing so immediately would cost around £5.1 billion but only create approximately 38,000 additional jobs, more than £130,000 for each additional job created.[161] Most of the money would reduce the cost of jobs employers would have created anyway. It would provide the same subsidy for a well-established graduate recruit as for a young person who has spent a year outside work and learning. In the current fiscal position, I cannot justify to government spending £5 billion in that way.

269. But while structural reductions in employment taxation cannot be delivered immediately, that should not prevent government from setting a clear direction towards lower payroll taxes. Rather than across the board, poorly targeted and unaffordable cuts in employer National Insurance, I propose a different course: targeted support now, followed by a five-year glide path to lower National Insurance

costs for workers aged 21 to 24. Businesses need confidence that government's ambition is to reduce, not continually increase, the cost of employing a young person.

270. A start should be made with the two sectors which provide the most entry level jobs for young people: retail and hospitality. When fiscal conditions allow, the point at which employers in those sectors pay employer National Insurance for 21 to 24 year-olds should double and rise progressively from the current £5,000 threshold to a new one of £10,000. Before the 2025 changes that threshold was £9,100. Unlike a full or partial employer National Insurance exemption for 21 to 24 year-olds, increasing the threshold would have the biggest impact on the costs of recruiting low paid young workers and those who work fewer hours. It would especially help employers recruit young people doing 'Saturday jobs' as once the threshold reaches £10,000, a 21 year-old could work 15 hours a week at current minimum wage rates without the employer paying any employer National Insurance. Over time the Government should consider how to extend this new employer National Insurance relief to other sectors in the economy, focusing on those with the biggest potential to create more entry level jobs for the young.

271. The pace of change would be set at each fiscal event in the light of the fiscal position and would have to remain consistent with the fiscal rules. If the fiscal position prevented a planned threshold rise in a particular year, the Government would need to explain why.

272. Employers prize stability and visibility, so it is important that government charts a clear and consistent course over the next few years. It can begin immediately with a commitment not to increase the costs on employers of hiring young people still further. That signal will be important in shifting business sentiment and will give employers confidence that the Government has heard what they say and is on their side.

273. The existing youth National Insurance reliefs also need to be retained and much more actively promoted. Around half of employers do not know the exemptions exist.[162] A tax relief nobody knows about will not change a hiring decision.

The Youth Jobs Grant

274. Public money can make the biggest difference to youth employment if it is concentrated on the young people and employers where it genuinely changes a hiring decision. A major effort on government's part should start immediately with targeted financial help to ease the cost of employing more young people. Some of that is in place already but it lacks the scale to make a substantial enough dent on the growing NEET crisis. So, I propose substantial additional targeted support into measures most likely to change a hiring decision: a larger and better targeted Youth

Jobs Grant, stronger apprenticeship support, earlier access to the Jobs Guarantee and additional help where employers take on young people facing the greatest barriers.

275. I propose that the Youth Jobs Grant becomes the main targeted hiring incentive for young people who have been NEET for six months, whether or not they are claiming benefits. Currently, only young people who are receiving Universal Credit qualify. This misses the estimated 314,000 hidden NEETs in England who are not in the benefit system at all.[163] Estimates for this Review suggest this could extend the number of recipients by up to 40,000 per year.[164]

276. In the future, support should follow the young person rather than their benefit status. The existing £3,000 payment should remain the core grant. Each employer hiring a young person who is aged between 16 and 24 and has been NEET for six months would receive that amount to help with costs. In addition, an employer taking on somebody facing substantially greater barriers, including a care leaver, a young person leaving custody, a young parent or a disabled young person who needs significant additional support would receive a new extra premium of £2,000. A business with fewer than 50 employees would receive a further new small business premium of £2,000. The principle is that the further a young person is from the labour market, and the more managed risk an employer is being asked to take, the more government financial support follows.

277. This would be one graduated scheme, not three new schemes, and it would operate at much greater scale: around 60,000 incentives a year.[165] This would make it the biggest programme of its sort in nearly 15 years of public policy support for getting young people into work.

278. The grant would reward retention as well as recruitment. The employer should receive upfront financial help with the immediate cost of taking somebody on while keeping a meaningful incentive behind to ensure that the job lasts. The evidence from wage-subsidy programmes is that incentives work best when they are substantial enough to affect behaviour, administratively simple and backed by support after the young person enters the workplace.[166] A start matters. A sustained job matters more.

Bring forward the Jobs Guarantee

279. Under current rules the Government will guarantee a paid job and pay the wages of a young person who has been unemployed for 18 months. That is too long. I recommend bringing eligibility for the Jobs Guarantee forward from 18 months to 12 months out of work where earlier support has failed. The principle is simple: act before detachment becomes entrenched.

Back youth apprenticeships

280. Apprenticeships are one of the most effective interventions available to get young people into the labour market. Government is already fully funding eligible training for younger apprentices. From October 2026, eligible non-levy paying employers can receive a £2,000 hiring payment when they recruit new apprentices aged 16 to 24. The next step, as set out in the education chapter, should be to increase this Apprenticeship incentive to £2,500 and crucially to also make it available to those employers who do pay the Levy. Alongside this, there should be a new £2,000 incentive for the provider.

What this adds up to

281. On the Review's costings, additional employer incentives amount to around £1.1 billion a year of investment at their peak.[167] This could mean more than doubling of government financial help for employers to increase youth employment. We expect that it could help to support an additional 170,000 job and apprenticeship opportunities for young people.[168]

Minimum wages

282. The minimum wage has been a major success. Since it was introduced in 1999 it has increased the real pay of the lowest paid workers.[169] The Low Pay Commission is a trusted institution and shows the value of joint working between business and trade unions.[170] But in the last five years minimum wages for young workers aged 18-20 have risen by 65 per cent.[171] In April 2025 alone, the minimum wage for 18 to 20 year-olds increased by 16.3 per cent and for 16 and 17 year-olds it increased by 18 per cent, compared with median hourly pay growth of 6.9 per cent and 6.3 per cent respectively.[172,173,174] Although many employers do pay younger workers the adult rate rather than the youth rate, many SMEs in entry-level sectors like hospitality have identified the rise in the latter as a disincentive to employing young people. They point in particular to the compression of the pay gap between younger and older workers. Although the impact is heavily contested, if the cost of hiring an 18 year-old moves closer to the cost of hiring an older worker with several years' experience, some employers will choose the safer option.

283. Other countries, with far lower NEET rates than the UK's, make a deliberate distinction between youth and adult wage floors. Some deliberately preserve a lower entry wage for younger, less experienced workers. The Netherlands has the most graduated approach: the youth minimum rate ranges from around 30 per cent of the adult rate at age 15 to 80 per cent at age 20, with lower rates for some apprentices.[175]

284. I do not want to see young workers on poverty pay. But an 18 year-old trying to enter the labour market for the first time is not in the same position as a 38 year-old with twenty years of experience. If the cost to the employer is almost identical, too often the young person will lose out. We cannot pretend that has no consequences. The risks of employing a young person are usually higher because they are unproven. The priority must be to keep the first rung open while protecting fair pay. The young person needs to be able to get on the first rung of the career ladder before they can then climb it.

285. The Government has committed to aligning the 18 to 20 year-old rate with the National Living Wage. The Low Pay Commission's 2026 remit gave it full flexibility over the pace and timing and the Government asked it to give priority to younger workers' employment prospects. I believe that was the right steer given the fragility of the youth labour market.

286. For the future similar caution should be applied and the Government should continue to direct the Low Pay Commission to judge the pace of convergence against the critical goal of protecting youth employment.

Pensions automatic enrolment

287. The same approach should apply to future employment costs that may fall on employers. The previous Government passed legislation that gives it the power to reduce the age at which workers are eligible for pension automatic enrolment from 22 to 18 years old and also remove the lower earnings limit. Those powers have not yet been used while the Pensions Commission considers the wider system. The uncertainty matters because businesses plan ahead on the assumption that these costs could arrive. That is particularly important for SMEs, where relatively small increases in employment costs can have an outsized effect on whether another young person is recruited.

288. These reforms have merit in their own terms, but implementing them while youth employment is under pressure would add another cost at precisely the point when we need employers to create more first jobs. So, the automatic-enrolment age should not fall to age 18 and the lower earnings limit for under-25s should not be removed before 2031 at the earliest. The objective is not to create a permanently cheaper class of young worker, but to avoid loading new costs onto the first rung faster than the youth labour market can absorb them.

What this leads to

289. The overall aim of the changes outlined above is to decrease the Government-controlled costs of employers hiring young people. This marks a significant reversal of decades of public policy decisions which have loaded extra costs onto

employers. To ensure that this reversal sticks, the Government should publish every two years a Youth Employment Cost Index which itemises the financial impact of its decisions on the youth labour market. The Index should form the evidence base for the wider Youth Opportunity Test rather than become a separate bureaucratic process. This would provide evidence to help apply the Youth Opportunity Test recommended later.

Organisational simplicity: one employer offer and one route into support

290. If the first change to enable employers to recruit more young people is financial, the second change is organisational. Employers I have spoken to during this Review have consistently complained about the bewildering complexity of the current system to access support for hiring young workers. Today responsibility is spread across Whitehall departments, Jobcentres, colleges, training providers, Careers Hubs, local authorities, strategic authorities, charities and individual schemes. It cannot be right that an employer wanting to create a job can be sent in multiple different directions, and line managers are left to work out for themselves which part of the State to call when a young recruit begins to struggle. A small business should not need to understand the architecture of the State in order to employ a young person.

291. There should be one practical test for every reform that follows: would it make it easier for a small employer with no HR department to give a young person their first chance? If the answer is no, the system is still too complicated.

292. Several changes are needed. First, it should be straightforward for employers to access financial support. For national employers, this should take the form of a digital gateway linking them to the expanded schemes outlined above, all accessible in one place. SMEs should be able to access the same offer through their local YOS. The Youth Jobs Grant, Jobs Guarantee, apprenticeship support, supported employment and relevant local help would remain distinct programmes behind the scenes, but employers would no longer have to work out which programme to approach first or repeat the same information to different parts of government.

293. Second, the Youth Opportunity Service (YOS) should become the local front door through which employers can access young people and get the help they need to sustain them in work. A named adviser would be the interface for the employer and young person; behind that person would sit a broad network of support. The YOS would also organise work experience brokerage where schools and colleges cannot secure enough opportunities themselves. Longer technical and vocational placements impose real costs on employers. Where those costs are constraining

supply, government should provide targeted placement support, building on what has worked for longer placements, for example on T Levels, rather than subsidising short encounters that employers can reasonably provide themselves.

294. Third, employers face a major challenge when it comes to the health of their workforces and new recruits. The mental health burden in particular is rising but workplace occupational health services are limited. Larger employers often have their own but in smaller employers they are usually lacking. Government should help address this deficit by exploring the option of a pooled insurance model for a more comprehensive employer-provided occupational health service.

295. Employers also need a formal voice in shaping the YOS locally. As strategic authorities develop Area Youth Participation Plans, they would be under a duty to engage employers. Those plans would identify current and future sector demand, gaps in entry-level opportunity, apprenticeship and placement needs, travel-to-work barriers and mismatches between the pathways young people can access and the jobs employers can offer.

296. There should also be an account service within the central YOS function for large multi-site employers. A named central government account lead would agree common arrangements with the employer and coordinate local YOS teams across the country. These employers would be able to offer jobs, apprenticeships, work experience or supported placements once and let the system organise the relevant candidates, funding, safeguards and local support. The lead would not override the powers or priorities of strategic authorities; its job would be to stop a large employer having to renegotiate the same government offer area by area, while leaving local matching and delivery with local teams.

297. Together these changes are intended to make it easier for employers to get the access and support they need to sustainably employ more young people.

Simplifying regulation

298. The third change is regulatory simplicity. Employers repeatedly raised concerns about the burdens associated with safeguarding, Disclosure and Barring Service (DBS) checks, insurance, health and safety, working hours, reasonable adjustments and uncertainty about employing 16 and 17 year-olds. Some barriers are real. Others are perceived. Both stop opportunities being offered to young people. Government needs to adopt a new approach to reducing these regulatory barriers.

299. Work-experience evidence points to practical barriers in particular: a fragmented system that is difficult for SMEs to navigate; uncertainty and cost around safeguarding and insurance, especially for school-age placements; and the real cost to employers of longer technical and vocational placements. If employers are

being asked to provide work experience at much greater scale, government must remove those barriers in return.

300. To begin with there should be one authoritative government guide to employing and providing work experience for young people, published within the next year. It would distinguish clearly between what the law requires and what good practice recommends, bringing safeguarding, DBS, insurance, working-time and age rules into one place. A small and medium-sized enterprise (SME) must be able to get a reliable answer without having to access, or worse still pay for HR or legal help. The argument is not for weaker protections for young workers, but for removing unnecessary complexity, duplication and uncertainty where these prevent opportunities without adding meaningful protection.

301. Safeguarding young people is non-negotiable. Complexity is not. A 2025 Careers and Enterprise Company poll found that thirty-four per cent of employers surveyed were worried about safeguarding as a barrier to offering work experience, even before the more recent changes associated with the Crime and Policing Act.[176] The single guide would state precisely when a DBS check is required and when it is not. For under-16s, the key issue is ensuring that a person supervising a young person is not barred from working with children, if they are supervising for more than 3 days over a 30 day period. At present that can only be checked using an Enhanced DBS check for the staff involved, and applying that approach even across current placement volumes could impose yet more costs and complexity on business.[177] Government should therefore test a direct barred-list checking route, which schools can already access, and make checks required solely for government-supported work experience free. It should also examine whether schools can carry out more of this process for SMEs, as happens in some other countries.

302. Government should also act to close the insurance gap that prevents some sole traders and very small businesses offering work experience. All employers with Employers' Liability Insurance are covered if the insurer is a member of the Association of British Insurers or Lloyds, as Health and Safety law states work experience students are included in the definition of an employee. The specific gap is for sole traders and other businesses that do not ordinarily hold Employers' Liability Insurance. There are more than 3 million sole traders in the UK, many in trades and places where work experience is scarce.[178] Employers' liability insurance for a sole trader with an apprentice / assistant can cost £300 per year.[179] That is a disincentive for small employers to provide work experience. Ensuring that cover for work experience placements is simple to access at low or even no cost could be achieved by following the model in Australian schools, where cover is provided by the State while young people are on approved placements, or by working with the insurance industry on a straightforward low/no cost extension to

public liability insurance. The key is ensuring that insurance is not a barrier for employers wanting to do the right thing for young people.

303. Short placements are only part of the picture. Longer technical and vocational placements impose greater supervision and productivity costs on businesses. The experience of T Levels shows that financial support can materially increase placement supply. I recommend targeted support for extended technical and vocational placements, particularly those lasting more than a month, with the level of support tested before wider roll-out.

304. Employment regulation also needs to be judged against its effect on the first rung. The evidence does not support the argument that employment regulation is to blame for the rise in NEETs. The causes of youth detachment are far deeper and go back much longer. But that does not mean the design of new employment rights has no bearing on future recruitment. The Employment Rights Act 2025 introduces guaranteed-hours and related provisions, with important implementation detail still to be settled. It has been the subject of many concerns raised with me by employers. I have heard a powerful argument that too much regulation here will deter employers from employing more young people by limiting employers' ability to flex hours and conditions. Equally, trade unions and others have pointed to the need to ensure that Britain's flexible labour market does not unreasonably penalise workers. The argument I have heard is that without employment security, younger people are less likely to be attracted into the labour market.

305. The wider evidence is mixed. Countries with relatively high levels of employment regulation can achieve low NEET rates, and there is no simple relationship between regulatory intensity and youth detachment. Over much of the last 15 years the UK has sat towards the less-regulated end of the OECD, so there are legitimate arguments for stronger protections. The Government's own analysis of the Employment Rights Act also stresses that the aggregate employment effect is uncertain and difficult to assess.[180] The scale and speed of change nevertheless matter. The Government's own assessment put the cost to business for the whole Act at around £1 billion per year, depending on final implementation decisions and other factors. [181] On zero-hours contracts alone, the wide range of options consulted on are estimated to cost businesses between £350 million and £2.9 billion a year.[182]

306. The Guaranteed Hours elements of the new reforms are the area where I have heard the most competing arguments. It is clear that one-sided flexibility has negatively impacted many people, including young people among whom zero hours contracts are much more prevalent. However, there is a risk that in trying to address a legitimate challenge, the solution has unintended consequences. I believe this is likely to be the case. The new legislation is immensely complex and aims to manage

a myriad of different contracting arrangements across the labour market. A key challenge is the scale of change being undertaken over a short period of time. The Government's own analysis indicates that these measures would move the UK from near the bottom towards the OECD average on employment protections overall, while making it a leader specifically on provisions relating to zero-hours contracts. [183] It is not that we shouldn't be looking to increase workplace protections: the issue is that making the kind of jump proposed could have major implications at a time when the youth labour market is already weak. The potential impact is already being felt with more than a third (37 per cent) of employers planning to reduce permanent hiring because of Employment Rights Act reforms. [184]

307. I have heard from many employers concerns about the impact the new legislation may have on youth hiring, especially in hospitality and retail. Obviously, it is extremely difficult to be certain what aspect of policy, wider macroeconomic conditions or broader structural changes are having an impact. Government has much less control over macroeconomic factors or structural changes. But what it can control is the regulations it sets for business and given our major youth employment challenges, it needs to set a very high bar as to whether changes it proposes will help or hinder. Therefore, I would propose that when considering the responses to the recent consultation that the goal should be to ensure that the potential impact on youth employment should be a primary consideration, and a cautionary principle should be adopted. I believe this would lead to an approach that aims to limit the potential negative impact on seasonal and temporary work and clearly balances the goal of reducing one-sided flexibility with retaining a dynamic and flexible labour market.

Give employers certainty on reasonable adjustments

308. The same need for clarity applies to disability. Employers and young people need clearer practical guidance on what constitutes a reasonable adjustment and where to turn when there is disagreement. This matters particularly for smaller employers without specialist HR or legal support. Recent tribunal statistics show a marked increase in disability discrimination claims, while Acas research has identified gaps in information, early resolution and understanding of reasonable adjustments as factors in disputes proceeding towards tribunal. [185,186] I recommend a single, highly visible route for early advice on reasonable adjustments through the YOS and Acas, backed where necessary by specialist disability-employment expertise. The aim is to resolve more problems before positions harden and relationships break down. Employers and young people would both know where to go, and the service would provide practical guidance, early problem-solving and conciliation, to help the placement succeed long before a dispute moves towards tribunal.

Allow employers to take positive action in favour of young people

309. HMRC qualitative research on the National Insurance relief for young people found that a number of employers believed employment law prevented them from prioritising younger applicants.[187] That matters because incentives work only if employers understand when they can advertise an opportunity to a particular group. I recommend clear government guidance on the circumstances when employers can lawfully use positive action and target publicly supported youth-employment opportunities. If the existing legal framework prevents a tightly targeted scheme from operating as intended, government should take action. There is little point paying an employer to recruit a young person while leaving them uncertain whether they are allowed to prioritise one. If the law needs to be changed in order to make it clear that employers can advertise opportunities specifically for young people, then government should make it happen.

310. The overall presumption when it comes to regulation of the youth labour market is that government should be easing the burden on employers not increasing it. The steps I have set out would be a good start. But more needs to be done. Below I propose a new Youth Opportunity Test that would assess future public policy changes against their potential impact on youth participation. The Test should also be applied to existing rules and regulations with the intent of making the hiring and employing of young workers less challenging. Within the next twelve months government should identify which regulatory barriers can be dismantled to make it easier for more young people to enter the workplace. The explicit aim should be to prevent the youth labour market being flooded with more new regulation and to ease the existing regulatory burden. This would mark a major shift in approach.

Hiring help for SMEs

311. Many employers, especially SMEs, have told us that they are keen to recruit young people but are worried about the long-term commitment taking on a permanent staff member entails. Employment Agencies play a key role in meeting employers needs for shorter term and flexible staffing options. For many young people working through an Agency can offer welcome opportunities and variety. In apprenticeships, Flexible Job Apprenticeship Agencies (FJAA) were launched in 2021 and are designed to enable smaller employers who can't commit to a longer apprenticeship programme, and want reduced administration and compliance burdens, the ability to recruit apprentices. FJAA's are currently very small scale, but the equivalent Group Training Organisations in South Australia demonstrate the model's potential: their members employ more than 4,000 apprentices and trainees and account for 20 per cent of all apprentices and trainees engaged in the State.[188] The Government should explore the expansion of the FJAA model but with the potential to widen it beyond apprenticeships. A new Agency model could work

within the YOS to offer employers the ability to recruit young people in a flexible way but crucially take away some of the administrative burdens such as payroll, alongside offering greater pastoral support to young people. In order to make this model work, government are likely to need to subsidise the Agency costs, which isn't currently the case with FJAA's, and has significantly limited their growth.

Government as an employer

312. The Government's role in defining the regulatory, tax and wider policy environment for youth employment is critical to driving the change needed to make large-scale progress on getting young people into work. But it should not overlook its power as one of the largest employers and buyers in the country. If our ask of businesses operating in increasingly volatile and often challenging conditions is to prioritise the hiring of young people, government must show that it is able and willing to do the same.

313. Currently 16 to 24 year-olds make up 11 per cent of the workforce nationally, but only 4 per cent of the Civil Service workforce, and 6.3 per cent of its entry level workforce. [189] [190] [191] The Government should make an immediate, public commitment to youth hiring. It should set a target of 11 per cent of the Civil Service entry level workforce being aged 16 to 24 by 2032, almost double the current proportion, to match the national baseline for 16 to 24 employment as a whole. At least half of new entry level opportunities should be Level 2 and Level 3 apprenticeships, building a clear "first rung" into long-term government roles.

314. Government is already delivering a number of successful initiatives which it should build on. Going Forward Into Employment should be mandatory for all government departments, given its success rate in supporting individuals with additional barriers into careers in the Civil Service. A timeline should be set for all departments to be participating by 2028.

315. In addition, every central government department and arm's-length body should publish a three-year youth workforce plan by summer 2027 and refresh it annually. Major public employers outside central government would be expected to publish equivalent three-year plans showing how they will increase youth opportunities for those who are NEET or at risk of becoming so. Each plan would identify where young people can enter the workforce, which qualifications are genuinely necessary, which roles can become apprenticeships, and how the organisation will widen access for young people who are NEET or at risk. The aim for each major public sector employer should be for 10 per cent of its entry level vacancies to go to young people who are NEET or at risk of becoming so.

316. The approach to work experience should also be much more robust with a firm expectation, not simply guidance, that all departments and public bodies must

offer meaningful work-experience opportunities, including for school-age young people, proportionate to their workforce and roles, with only limited exemptions for genuine security, safety or operational reasons. The Cabinet Office should hold departments to account, by establishing a government-wide NEET recruitment and apprenticeship baseline, reporting recruitment by age, level and department, and distinguishing new entrants from existing staff.

317. This is not a call for indiscriminate public sector headcount growth. Public services recruit every year because people leave, retire and because some roles are difficult to fill. Over a third of Civil Servants are aged 50 or over, [192] and across the wider public sector there is a particularly imminent retirement bulge in services like health, education and social care. That will create space for new recruits. The question is who gets those opportunities. The public sector needs to take the lead in targeting them on young people. If government is asking business to change, it has to show it can do the same.

Government as a buyer

318. Government's power as a buyer is potentially as important as its power as an employer. Government should use its purchasing power with the same precision to enable more youth participation. With around £461 billion of gross spending on public sector procurement in the UK in 2025/26, and approximately £725 billion of infrastructure investment planned over the next decade,[193] public spending on that scale should build the next generation of workers as well as the asset or service being purchased. [194,195] In sectors like defence, infrastructure and energy where long-term capital investment is being made, the need to build a sustainable labour supply chain is becoming more critical as skill shortages and migration restrictions bite. This should be at the heart of any Good Growth Strategy. This is not decorative social value. It is workforce planning, social renewal and industrial strategy.

319. The Government's planned Social Value reforms move in the right direction by centring the model more clearly on UK jobs, skills and apprenticeships, doubling the social value weighting to 20 per cent for projects over £5 million and exempting contracting authorities from applying Social Value to projects under £1 million.[196] That new Social Value Model also includes specific attention to a number of target cohorts - including NEET young people. But those reforms should be a starting point, not the endpoint.

320. They still do not guarantee that major public spending creates first opportunities for young people. So, for projects above the £5 million threshold and which are liable for 20 per cent Social Value weighting, and where the contract creates meaningful labour market demand, youth employment should become a mandatory Social Value criterion stipulated by the contracting authority. For

projects above £50 million, and for major contracts in defence, energy and infrastructure, again where there is meaningful labour market demand, explicit youth hiring commitments should be mandatory, not just considered as part of the Social Value weighting. Government should move the conversation from whether a supplier will contribute to youth opportunity to how it will do so.

321. Major suppliers should be expected to activate their supply chains so that SMEs can contribute through real job and apprenticeship opportunities without having to navigate government procurement directly. Departments should monitor contract delivery, not just bid commitments, and report youth employment outcomes into the central government Youth Opportunity Service function. Where a contract creates little labour demand, the requirement should be proportionate. Where public spending creates thousands of jobs, the expectation should rise with it.

322. There are already examples of what this can look like. In September 2026, government and the defence industry announced a major expansion of work experience, apprenticeships and routes into skilled defence careers, including a commitment to build towards 40,000 opportunities a year by 2030, rising to 50,000 by 2035.[197] The British Army, Royal Navy and Royal Air Force are the top three apprenticeship employers in the Sunday Times rankings.[198] The Government's announcement goes further by linking defence investment to apprenticeships, T Levels, work experience, mentoring and entry-level jobs in areas of high need, and by building a clearing system so suitable unsuccessful candidates can be redirected to live opportunities elsewhere in the sector.

323. The scale of planned defence investment also provides a route to use Social Value requirements in procurement and contract management to create opportunities for disadvantaged young people aligned to defence need. It is intended to drive co-investment too, with industry able to fund or co-fund outreach, college provision, equipment, bursaries, mentoring, work experience and regional coordination. That is the sort of relationship between public investment and employer action this chapter is arguing for. The rail sector, as it goes through major structural change and moves further into public ownership, is taking a similar approach through the Rail Youth Promise, which focuses on groups that are under-represented in the workforce and on first-rung hiring, including Foundation and Level 2 apprenticeships.[199] The NHS is one of the largest apprenticeship employers. In 2025, NHS England said that there had been more than 20,000 apprenticeship starts in the previous year.[200] It too should have a plan to increase youth opportunities. Other sectors such as energy, where the Government is making substantial investments, should be expected to make similar commitments to enhancing youth participation.

324. Finally, government should go further in using the procurement lever to deliver more youth opportunities by extending Social Value requirements beyond contracting authorities in central government to those in local government and the wider public sector too.

325. All of this points towards a different relationship between public investment and youth employment. Where government is investing heavily, commissioning services or giving an industry long-term certainty, the resulting plan or contract has to show in quantified terms how the next generation will share in the opportunity. This is how the State pursues a more active labour market policy in pursuit of more youth opportunity.

A Youth Opportunity Test

326. The changes I have proposed above are intended to embed the objective of youth participation closer to the heart of government policy. But individual policy changes will not be enough. The participation principle needs a more solid platform. The risk otherwise is that a single shift in policy, although reasonable and rational in its own right, can alongside others have a negative collective impact on youth employment. Each individual public policy decision may have a rationale of its own. But that is not how an employer experiences them. They arrive together as cost, complexity and risk. government needs a discipline that requires it to consider the effect of its decisions on the next generation before they are made, not after the damage is done.

327. The Youth Employment Cost Index (see sections above) will help do that job for government-controlled costs impacting employers. But a wider test is needed to address the impact of regulation and legislation on the youth labour market. To address this deficiency the Government should introduce a new Youth Opportunity Test so that future tax, regulatory and labour-market policy changes explicitly assess both their individual and combined effect on the next generation of young people before final implementation decisions are taken. Every government department would have to apply it before ministers take a final decision on a significant tax, spending, regulatory or labour-market measure where there is a material effect on youth employment, the cost of a first hire or the supply of entry-level opportunities. The question at its heart is simple: will this decision enhance or diminish the prospects of the next generation to participate in work?

328. The Test will be a statutory duty to assess, publish and account, not an automatic block on policy. Its force comes from requiring ministers to confront the effect of significant decisions before they are taken and from giving Parliament a clear record against which to hold government to account. Take migration policy. Managed migration can play an important role in meeting genuine skills needs, but

it should not become a substitute for building domestic entry routes for young people. In sectors with large entry-level workforces and high youth detachment, government should examine the scope for linking access to work visas to evidence that employers have first made serious efforts to recruit young people, especially those who are NEET. The detailed mechanism should be tested against sector needs and the risk of creating unintended labour shortages.

329. The first purpose of the Test is to stop government imposing new costs or regulatory burdens without understanding the effect on youth participation. Its second is to identify which tax, spending and regulatory measures produce the greatest improvement in youth employment for the money spent. Its third is to make the cumulative effect visible across government rather than considering each decision in isolation. That is why the Test has to cover fiscal policy as well as regulation. HM Treasury and HMRC already publish Tax Information and Impact Notes for tax changes; where a tax decision materially affects youth employment or the cost of a first hire, the youth impact would be stated explicitly there. The same requirement would apply when government uses existing powers through secondary legislation. A policy can have been legislated years earlier and still impose a new cost when it is enacted. The youth impact has to be considered at the point the decision bites.

330. There is a strong case for this young people-first approach to be put into legislation. A Young People First Act should require ministers to publish a youth employment impact assessment for significant future changes to tax, labour-market, regulatory and other policies that materially affect hiring; require an explicit ministerial response where a measure is expected to reduce first-job opportunities; and require an annual report to Parliament on the health of the first rung. The same Act could give the Opportunity Guarantee and the Support Guarantee statutory force. In that way, the law would give government both the power to act for young people and a duty to consider the effect of its own decisions.

Connect young people to the jobs of the future

Creating more opportunities for young people now is only half the task. The routes being opened need to lead towards the jobs and sectors in which Britain will need workers in the future. Rebuilding the first rung cannot mean recreating the labour market of the past.

The Modern Industrial Strategy is the Government's bet on the future. Its priority sectors are intended to sustain economic growth, but growth sectors do not automatically create opportunities that a young person can enter. Youth entry routes should therefore be designed into the industrial strategy from the beginning, not added later as a social-value exercise. Every major sector agreement, infrastructure programme or publicly supported industrial investment should answer four questions: how many entry-level jobs and apprenticeships will be created; where will they be located; which colleges

and providers will prepare young people for them; and how will young people without existing networks reach them.

Where government provides subsidy, investment, procurement or regulatory support to a priority sector, it should expect that sector to identify its first job routes, apprenticeship pipeline and progression pathway. Strategic authorities should align local Area Youth Participation Plans with local growth sectors and major investment programmes. Colleges should know what jobs are coming and align training accordingly. Young people should be able to see a line from what they are learning today to an opportunity that exists tomorrow.

Artificial intelligence, automation and the transition to a lower-carbon economy will change the jobs and tasks available to young people. That change will create opportunities as well as disruption. It would be wrong to blame AI for the recent rise in youth detachment, or to pretend that anybody can know precisely what its impact will be over the next decade. But there is a real risk that young people bear a disproportionate share if the entry-level tasks through which previous generations learned how to work disappear faster than new routes are created. The question is not whether technological change can be stopped. It is whether the next generation gets a fair share of the opportunities it creates.

The education system changes proposed in Chapter 4 focus on growing adaptability and agility skills that are the best insurance policy against the harmful impact of change. But the bargain with employers also becomes more important, not less. Where businesses receive significant public investment, procurement or other support, they should be expected to show how they will continue to build their future workforce as technology changes. An employer should not be able to use taxpayer support to remove large parts of its entry pipeline without explaining what will replace them. Apprenticeships and work-based learning will become more important because they allow young people to learn alongside new technology rather than arrive in the labour market after the jobs have already changed.

Countries across the world are grappling with the impact AI may have on labour markets, especially opportunities for young people. In those leading the way, such as Singapore and Finland, there is a sharp focus on three key areas: labour market intelligence, AI skills development and retraining. To ensure young people are as prepared as possible for the continued growth in AI, the Government should ensure that training in AI Skills is available to every young person, building on current initiatives such as the AI Skills Hub. Crucially, it should reach young people in places at greatest risk of disruption.

To ensure government has the best intelligence on the labour market, I propose a small AI Youth Observatory with a remit to track changes in youth recruitment, entry-level tasks and occupations by sector and place. It could form part of the AI Economics Institute. It should publish an annual assessment of where entry routes are shrinking or changing and identify sectors where retraining or transition pilots are needed. Its analysis should feed directly into the YOS, Skills England and the wider skills system.

Alongside it, government should fund retraining pilots in sectors already experiencing material change, such as call centres, so that workable approaches are tested before disruption spreads.

An active pro-youth labour market policy

331. Taken together, these reforms amount to a new pro-youth active labour market policy. Today, policy still relies too heavily on a maze of programmes, lots of employer goodwill and the hope that separate institutions will somehow add up. Young people are being prepared for work while demand is too often taken for granted. The State asks business to do more while underusing its own workforce and spending power. A new bargain is needed, which changes how first opportunities are created, reached and sustained. It is a bargain that has youth participation at its core.

3.6 A new deal with employers: the give and get bargain

332. There are solid foundations among employers too for constructing this new bargain. Employers have not simply described problems to me. Many are already creating solutions through more work experience, apprenticeships, mentoring, school engagement and targeted hiring. From retail and hospitality to engineering, infrastructure and defence, these employers are seeing young people as part of their future workforce, not as a corporate-responsibility add-on.

333. But goodwill is not enough. It is scattered and inconsistent. Some employers are doing a great deal; many want to do more; others do very little. There is no clear national expectation about the contribution business can make to reducing youth detachment. Today businesses receive separate approaches on jobs, apprenticeships, work experience, skills, health and employment support, often from different parts of the State. Large businesses can devote people to navigating this complexity. Small businesses cannot. That has to change. Government can help shape what employers should be asked to contribute to solving the NEET crisis.

Three asks of employers

334. During the course of this Review we have created with employers a means of clarifying what employers can best do. First Chance is an employer-led movement aimed at creating more first chances in the workplace for young people who are NEET or at risk of being NEET. It attempts to codify in simple terms what employers can contribute to solving the NEET crisis. The three First Chance asks of employers are to create more genuine first jobs, more youth apprenticeships and much wider access to meaningful work experience.

335. Among the first employer supporters of First Chance are businesses such as Marks & Spencer, Octopus Energy and Lloyds Banking Group. 90 employers have signed up at time of writing. Government should now work with employers to scale First Chance across the country with employers banding together to create a small national hub to cascade good practice and publish outcome data.

Create more first jobs

336. The first commitment is jobs. Employers should identify the entry-level roles that can be filled without previous experience and set out how they will open more of them to young people who are outside employment or education. Ideally, 10 per cent of entry level vacancies should go to young people who are NEET or at significant risk of becoming so. By joining First Chance, large private employers could set and publish their own quantified contribution that supports entry-level hiring, reflecting their sector and recruitment model.

337. The question is whether entry points are being used deliberately to give a chance to young people who would otherwise struggle to get through the door. This is where recruitment processes matter. A first job is not genuinely open if the recruitment process demands the experience the job is supposed to provide. Employers should be looking to remove unnecessary experience requirements, use clear job descriptions, make greater use of practical assessment, supported interviews and work trials, and test automated recruitment for barriers unrelated to the job. Qualifications and previous experience should remain where the role genuinely requires them, not where habit has put them. What matters is the outcome: more young people getting a genuine paid start and staying in work.

338. It is also clear that one of the key challenges ethnic minority young people face is discrimination when applying for jobs. A major study showed equally qualified individuals from ethnic minority backgrounds had to send 60 per cent more job applications than their white British peers to get a positive response.[201] To help address this challenge I propose the Government should work closely with employers to test different recruitment approaches such as name blind applications, which some employers are already utilising, to assess their impact, and if effective encourage wide scale adoption.

339. There is one additional issue that employers need to address. I have heard time and again about the demoralising impact on young people of them applying for jobs and never getting a response. It dents confidence and destroys hope. It is hard when employers often receive large volumes of applications to be able to respond but some are finding ways of doing so. Larger employers in particular should change their internal recruitment processes in order to do the same. It isn't always possible for an employer to give a young person a job. But it should be possible to give feedback to strengthen the hand of the young person when they next apply for one.

Co-op Career Development Hub

The Co-op Career Development Hub, developed in partnership with Omni RMS, is an online employability platform designed to support candidates in developing their skills and improving their future job prospects. It includes a personalised employability assessment and development plan, CV and cover-letter tools, interview simulations with AI-generated guidance, over 1,000 e-learning resources, and psychometric and aptitude assessments. The hub is mobile-first and intended to be accessible to people with limited IT skills or without access to a computer. It is also offered to school-leavers, employees at risk of redundancy, vulnerable groups and community partners.

The Co-op provides unsuccessful candidates with personalised emails after their rejection, inviting them to register for the hub. Through the platform, rejected candidates receive practical support to improve their CVs, cover letters, interview technique, LinkedIn profiles, confidence and general employability. More widely, the Co-op promotes the hub through partnerships with its academy schools, colleges, and other organisations. It also uses webinars, guidance materials, blogs, events and user case studies to raise awareness and extend access to school-leavers, people affected by redundancy, vulnerable groups and wider community networks.[202]

Make more first jobs apprenticeships

340. The second commitment is apprenticeships. The Education and Skills chapter sets out wider reform of the apprenticeship system. Employers can use those reforms to create substantially more high-quality youth apprenticeships, particularly at Levels 2 and 3, and to make apprenticeships once again one of the principal ways young people enter skilled work.

341. First Chance employers could publish the share of apprenticeship starts among participating large employers going to under-25s, making the shift towards younger apprentices visible without imposing a single private-sector quota.

Open up work experience

342. The third commitment is work experience and exposure. Elsewhere in this Report I propose that meaningful work experience becomes an entitlement while young people are at school. Delivering that entitlement depends on many more employers opening their doors. The scale is substantial. Even to meet the current government ambition for school-age work experience, around 300,000 more young people would need to undertake it each year than do so now.[203] That does not mean forcing every business to offer the same traditional two-week placement. The evidence points towards repeated, cumulative contact and a flexible menu: careers encounters starting from primary school age, workplace visits, insight days, projects, job shadowing, shorter placements and more substantial work

experience.[204] Again, public sector employers can help set the norm by opening their own doors first.

First Chance: turning employer action into a national movement

343. The three commitments need a way of building momentum behind them. Employers have already begun to develop First Chance as a movement for creating more youth opportunities. The Government's role is to support it, remove barriers and lead by example, not turn it into another Whitehall scheme.

344. I propose that First Chance remains an employer-led national movement, not a new regulatory regime. Every sizeable employer that joins could set out what more it will do across jobs, apprenticeships and work experience, publish a quantified commitment for the following year and report against a small set of outcomes. First Chance could set simple standards and recognise employers that consistently meet them.

345. We would like to see large businesses helping smaller suppliers participate through shared recruitment, apprenticeship services, common templates, HR expertise and connections into the local YOS. The aim is a movement employers want to join, with enough transparency to show whether it is working. Voluntary action deserves a real chance; if it does not create enough additional opportunity at the pace young people need, government would retain the option of stronger action.

346. Improving youth participation is no longer just a good thing to do on social grounds. It has become an economic and business necessity. That is why employers stand ready to make a difference. The easier we can make it for them to step up to the plate, the more will do so.

3.7 A labour market that creates first chances

347. Britain does not need another youth employment scheme. It needs a permanent place for young people in the labour market. That permanence matters because the labour market itself will continue to change at pace in the years ahead. The task is not to freeze today's jobs in place, but to ensure that the first rung survives technological, demographic and economic change.

348. That requires a different relationship between government, employers and young people. The test of the new bargain should be whether it works for a small employer. Collectively SMEs are indispensable to any serious expansion of first jobs, representing over 99 per cent of businesses and employing 60 per cent of the private sector workforce.[205] The new system should therefore be designed around the smallest employer willing to give a young person a chance: one route in, one

named contact, simple rules and rapid help when something goes wrong. If the offer works for them, it will work for everyone.

349. There is a simple test of success: are more young people getting genuine paid opportunities, are those opportunities lasting long enough to build skills, confidence and an employment record, and do employers who take part want to recruit young people again? Starts matter. Retention and progression matter more.

350. Britain has spent too long treating youth employment principally as a problem of preparing young people for work. Preparation matters, but it is only half the equation. There must also be employers willing and able to provide the first opportunity through which experience is built.

351. That is the new bargain. Employers should create more first jobs, apprenticeships and meaningful work experience. Government should make those opportunities easier, simpler and less risky to provide, use its own workforce and purchasing power to lead by example, and ensure that public policy does not inadvertently close the first rung it is trying to rebuild.

352. The test is practical. Can a young person without experience get through the door? Can a small employer without an HR department afford to open it? And once that young person is inside, is enough support available to help the opportunity last?

353. Britain does not need another youth employment scheme. It needs a labour market in which giving the next generation a first chance becomes part of how the economy normally works.

Chapter 4: Education: The bridge to the future

354. Education should be the strongest bridge between childhood and adult working life. For many young people it is. Britain has much to be proud of in its schools, colleges and universities. Standards have risen, there are outstanding teachers and lecturers, and good qualifications remain one of the strongest protections a young person can have against unemployment and economic inactivity later in life.[206] The reforms proposed in this chapter start from those strengths, but recognise that they are not enough to provide a sustainable route for young people to thrive in the future.

4.1 The evolving world of work

355. The world of work is changing faster than the world of education. While good GCSE attainment significantly reduces the risk of becoming NEET, young people with higher qualifications are not immune to this risk.[207] Nearly a third of NEET young people have GCSEs as their highest qualification.[208] One in seven have a university degree or equivalent.[209] Without change, the education system will become increasingly outdated for too many young people as advances in technology change the nature of work.

356. A young person entering working life today is unlikely to acquire one set of skills and rely on them unchanged throughout a forty or fifty-year career.[210] Knowledge matters, but so does the ability to apply it, communicate, work with others, solve problems and continue learning. Agility and adaptability will be essential if the next generation is to participate successfully and sustainably in the labour market of the future.

357. The task is not to prepare young people for one job, or even one career. It is to prepare them for a working life in which jobs, technology and the skills they need will continue to evolve. We cannot future-proof particular occupations. We can future-proof young people by giving them strong educational foundations and the personal aptitudes they need to sustain participation.

358. That is the new task the education system must now discharge if more young people are not to become NEET. Already, for a sizeable proportion of young people, the system is not working. The school attainment gap between better off and poorer students remains stubbornly wide.[211] Too many students feel they do not belong in school.[212] Absence rates have rocketed since the pandemic, despite recent improvements, with persistent absences still two-thirds higher than the 2018/19 levels.[213] Schools focus strongly on academic results, but not enough on readiness for work. Britain is a world leader in higher education but a laggard in vocational education. Apprenticeships and further education

opportunities remain woefully limited compared with countries that achieve lower NEET rates.[214]

359. NEET is the statistical description of the problem, but detachment is the process that produces it. For many young people who become NEET, their story does not begin when they leave school, but much earlier. Too many children arrive at school without the foundations they need. Attendance begins to deteriorate. Suspensions follow. Additional needs are visible but insufficiently supported. The warning signs are often present. What has been missing is a strong enough obligation to change the trajectory. The task is not simply to manage youth detachment better once it has happened. It is to prevent it.

360. None of this means turning schools into employment agencies or weakening academic standards. Literacy, numeracy, oracy, rigorous qualifications and excellent teaching remain fundamental. University will continue to be the right route for many young people and one of Britain's great engines of knowledge, opportunity and growth. But a new balance is needed: preventing risk earlier, putting aptitudes alongside knowledge, and making Britain a powerhouse in technical as well as academic education.

361. Achieving a better balance also means recognising the wider role the education system plays in reclaiming childhood. Technology has brought huge benefits, but the amount of childhood lived through a screen raises legitimate concerns about sleep, relationships, physical activity, attention and wellbeing.[215] It is not nostalgia, or an attempt to recreate the childhood of an earlier generation, to say we should be clearer about what children need in order to develop and thrive.

362. This Review is concerned with preparing young people for adult working life. But that cannot mean turning childhood into an ever-earlier rehearsal for work. Childhood has value in its own right. Children need time and space to read, play, make friends, take part in sport, music and the arts, explore interests, take reasonable risks and learn how to relate to other people. Many of the capabilities employers later say they value grow from those experiences.[216]

363. Confidence does not begin with an interview technique course at sixteen. Communication is not learnt only through a careers lesson. Resilience, curiosity, teamwork and the ability to deal with other people are developed over years through family life, friendship, play, sport, creativity and participation in the wider life of a school and community. There is no contradiction between reclaiming childhood and preparing young people for adulthood; in many respects they are the same task.

364. Schools have a key role here. A knowledge-rich education should sit alongside sport, arts, enrichment, outdoor activity, strong relationships and

opportunities for young people to discover interests and aptitudes. That is a vital part of giving young people the foundations from which high standards and successful adult lives can grow. Preparing young people well for adulthood begins with allowing them to have a childhood.

365. The answer is bigger than simply directing young people who struggle with conventional academic learning into a separate technical education. That risks creating a route that is perceived to be second-best and targeted at only some children. If technical education becomes the preserve of children from lower income households, and academic education the route for middle and higher income ones, that will be a failure. The ambition must be wider: to better prepare all young people for the new world they are entering, including work. The task is not to dilute our definition of excellence but to broaden it by ensuring that the focus on rigour and standards that has been successfully applied over recent decades to the academic route is equally applied to the technical route. Too often in the public debate about these issues, academic and technical are pitched as enemies when they should be reconciled as friends. The same is true of curriculum breadth and high standards. They should be twin objectives, not competing priorities.

4.2 What has gone wrong: a system that fails to prepare young people for the future

366. In the 2025 OECD PISA assessment, England was the second highest performing country in the world outside of East and Southeast Asia.[217] A decades long focus on school standards has delivered excellent results. This is a considerable achievement and should be celebrated. Yet this Review has heard how our education and skills system is failing to provide too many young people with the foundations they need to succeed. Both things can be true. Good foundations have been built, but the sands of change are shifting beneath our feet.

367. The Interim Report describes an education system that is not keeping pace with a fast-changing labour market, prioritising qualifications over destinations and failing to intervene sooner to help those we know will be at risk of becoming NEET later. It finds that this is in part driven by funding and accountabilities which do not reward schools and colleges based on the long-term outcomes of the young people they support. In the skills system, there is a shrinking vocational route, particularly after age 18, where apprenticeships have drifted away from young people who need them most and other forms of work-based, technical and vocational learning lack the scale to meet the challenge we face. Higher education has also focused too little on preparing students for the world of work. The central weakness is therefore not the absence of good institutions or worthwhile programmes. It is the absence

of a system organised around whether young people are being equipped to successfully participate in what comes next.

Parenting and early years

368. Poor school-readiness correlates with worse outcomes many years later. The first inequalities appear early. Children arrive at school with very different levels of emotional and physical development, early literacy and numeracy. [218] These differences affect how easily they learn, form relationships, manage the routines of school and experience success. A child's most important developmental relationship is not with a public service, but with parents. The evidence considered for this Review points to the importance of positive parent-child relationships and shows that well-designed parenting interventions can improve parental confidence, interaction, children's self-regulation and behaviour. Families do not begin with equal resources, knowledge, time or support. Public policy should make good parenting easier and help families overcome obstacles. Yet policy has traditionally shied away from this agenda. Parenting programmes remain piecemeal and lack scale, despite evidence that integrated public interventions, like Sure Start, can change life chances. [219] Over the last two decades, that preventive infrastructure has been weakened considerably. Meanwhile, childcare, health and family support still operate too often as separate systems. That leaves some of the children with the most to gain from early intervention with less generous or joined-up support.

369. Parents remain important long after the early years. Attendance, routines, expectations, choices at sixteen, decisions about apprenticeships or university, the confidence to apply for a first job and the ability to recover from an early setback are all shaped in part by what happens at home. That influence is greatest precisely at the transition points where this Review finds young people are most likely to be lost. A serious strategy for preventing youth detachment must, therefore, see parents as partners in participation, not as spectators once a child enters school.

Prediction and prevention

370. In schools, the Interim Report found that many of the strongest predictors of becoming NEET, including low attainment, absence, exclusions, care experience and special educational needs and disabilities (SEND), are visible well before a young person leaves education. A study in Bradford found persistent absentees are almost four times more likely to become NEET between 16 and 18, while pupils with SEND and those eligible for free school meals are heavily overrepresented among school suspensions and exclusions.[220] These visible risk factors often sit alongside a deeper loss of connection to school: only 70 per cent of 15 year-olds in the UK report feeling that they belong at school, while 27 per cent of secondary pupils in

England describe themselves as not very or not at all motivated to learn.[221] This sense of detachment is higher than in many comparable countries. Yet there is no consistent national approach to using this information to identify and support those at risk, and existing risk-identification tools are used variably and often too late.[222] This is reinforced by an accountability system where preventing disengagement or securing sustained destinations after school are secondary to attainment. Attendance is treated as an attendance problem, behaviour as a behaviour problem, attainment as an attainment problem and family difficulty as somebody else's responsibility. Each symptom is processed separately while nobody assembles the whole picture.

Inequality

371. Educational disadvantage compounds over time. At key stage 2, only 47 per cent of disadvantaged pupils reached the expected standard in reading, writing and maths compared with 69 per cent of their peers.[223] By age eighteen or nineteen, the overall attainment gap between the most and least advantaged young people is wider than it was at age seven.[224] The transition from primary to secondary school deserves much greater attention because failure at this point is so difficult to reverse. Only around 8 per cent of pupils below the expected standard at the end of primary school subsequently achieve Grade 4 in both GCSE English and maths.[225] Key stage 3 is particularly important because the move into a much larger secondary institution coincides with adolescence and growing academic demands. The capacity of schools and the resources made available to them also matter. Schools serving some of the communities with the greatest concentrations of disadvantage and later youth detachment can find it hardest to recruit and retain experienced staff.[226] Teacher shortages and weaker school quality overlap with areas of higher deprivation.[227]

Schools' focus

372. The education system currently gets young people ready for academic study more reliably than it gets them ready for work. Many young people benefit from a knowledge-rich curriculum and a strong academic pathway to university, as England's international academic performance shows.[228] But it does not work equally well for all. Too many young people still experience too academic an offer, with too little opportunity to combine strong academic foundations with demanding technical and practical learning. A serious participation system should offer more than one high-quality route through which aptitude can be discovered and developed. This can leave some young people disconnected from learning well before they reach the labour market. The new world of work requires a broader set of skills and aptitudes. Technical education and apprenticeships are both sub-

scale. Technical qualifications accounted for only around 6 per cent of the total GCSE or Technical Award results issued in summer 2025.[229]

> "They did one or two presentations on apprenticeships or things like that, but their main focus was UCAS and I don't think that's fair, like not everyone wants to go to university."[230] – *Participant from test and learn research, Young People and Work Report.*

Work readiness

373. Students in the UK are less likely than their peers in other OECD countries to be enrolled in combined school and work-based programmes.[231] Work experience is often an afterthought for schools rather than a mainstream entitlement.[232] It is also particularly dependent on parental networks. One young person has a parent able to arrange a placement with an engineer, solicitor, hospital or technology firm. Another equally capable child has nobody in their immediate circle with those contacts. Public education should reduce rather than reproduce that inequality. The same applies to careers provision and work experience. Careers education has improved, but too many young people – particularly the most disadvantaged – remain uncertain about the practical steps required to enter employment, especially if they are thinking about a vocational path.

Post-16

374. The Interim Report found that the vocational pathway has become smaller and weaker, despite further education (FE) colleges serving many of the young people most at risk of becoming NEET.[233] Participation in vocational education among young people aged 18-21 is substantially lower in the UK than in comparable northern European countries, which have lower NEET rates.[234] Although FE student numbers in England increased by about 8 per cent for 16-18 year-olds between 2017 and 2024, they fell by around 13 per cent for those aged 19-24 between 2017/18 and 2024/25.[235] Colleges are also funded primarily for recruitment and course completion, with limited recognition of the pastoral support, employment brokerage and flexible provision needed to help young people facing the greatest barriers.[236] Funding is based on providing places not securing outcomes. The cliff edge at age 19 adds another weakness. Adult education and skills are organised through a different funding system and, in devolved areas, increasingly through strategic authorities.[237] Yet the offer for a young person aged 19 to 24 who needs a second chance remains fragmented, with too few short, modular or in-year routes back into technical learning, an apprenticeship or work. Higher education has expanded and that has provided many more opportunities for young people to progress,[238] But too many graduates are finding it hard to find a graduate-level job.[239,240]

Apprenticeships

375. There is a similar story on apprenticeships. Provision has increasingly shifted towards older workers and higher-level training, weakening its role as an entry route for young people. Apprenticeship starts among under-19s in England fell from around 130,000 in 2014/15 to around 75,000 in 2024/25, while the proportion of starts going to people aged under 25 fell from more than 57 per cent to just under 49 per cent.[241] Only around one in five apprenticeship starts in England now goes to a 16 to 18 year-old.[242] Participation has fallen particularly sharply among young people from the most deprived areas, only 4 per cent of apprentices aged under 25 were previously NEET. [243] Demand massively outweighs supply and the Apprenticeship Levy system is in part driving a reduction in youth opportunities.[244] The problem is not the effectiveness of apprenticeships, but whether the young people who stand to benefit most can access and sustain them.

4.3 What the evidence shows: participation has to be an objective for the education system

376. No single education intervention can solve youth disengagement. But some approaches are more effective than ours. We have examined evidence from around the world to better understand what works. From the evidence examined during the course of this Review, several factors reinforce one another.

Healthy early development

377. School readiness at the age of four or five is strongly associated with what happens more than a decade later.[245] Integrated early years and family support can make a difference. Sure Start combined health, parenting, early learning and family support and was associated with later improvements for children, including disadvantaged children.[246] The Government's Best Start Family Hubs are moving back in that direction.[247] I welcome that. The lesson is not to recreate an old institution. It is to join up health, parenting, early learning and family support, and focus particularly on those areas where developmental disadvantage is greatest.

378. Schools cannot become substitute families and teachers should not be asked to resolve every social problem which enters the classroom. But there is evidence for targeted educational support before failure hardens. Tutoring, parental engagement, whole-class behavioural interventions and mentoring can improve educational outcomes.[248] Risk of NEET Indicator (RONI) type approaches can bring together information schools already possess on attendance, attainment, care experience, SEND and exclusion and direct attention towards young people whose engagement is weakening.[249] A good school cannot remove every disadvantage

from a child's life, but it can ensure that disadvantage is not compounded by invisibility.

Strong educational foundations

379. Success in school remains central to future life chances. English and maths qualifications in particular continue to be associated with stronger participation rates and higher earnings.[250] The curriculum evidence does not point to one prescribed model capable of reducing NEET levels. Evidence on arts participation, physical activity and oral-language approaches suggests that a broader educational experience can support core learning as well as bringing benefits of its own.[251] Connection to learning is strengthened when young people can see where they can succeed and where learning might take them next. In 2025 the OECD published proposals for fundamental change to primary and secondary schooling, working with the top performing countries in the world. The OECD advocates equipping young people to flourish over a lifetime in life and work, balancing knowledge with the skills, attitudes and values for a complex world recast by AI.[252] Singapore, for example, has moved away from rigid secondary streams through Full Subject-Based Banding, fully implemented from 2024, allowing pupils to take subjects at different levels according to their strengths while retaining common national standards.[253] Schools should not have to choose between raising standards and curriculum breadth. The curriculum should be designed to help more young people engage, uncover aptitude and achieve demanding standards.

Technical education

380. Those countries with the lowest NEET rates in Europe have given the highest priority to vocational education. In the Netherlands, for example, 55 per cent of upper secondary school students aged 15 to 19 are enrolled in vocational education.[254] This rises to 68 per cent in Austria.[255] Both countries have sustained low NEET rates. In England, technical education has too often been regarded as for somebody else's child. It will not achieve parity because Whitehall describes it as prestigious. It will do so when courses are demanding, teaching is excellent, employers value what young people learn, and parents can see that the pathway leads to good employment outcomes. In the United States, career and technical education combines academic study with occupational learning, and a 2024 systematic review found positive effects on high-school completion, employability skills, college readiness and employment after school.[256] US career technical education students are as likely as their peers to attend four-year college and more likely to attend two-year college.[257] Ireland's Transition Year provides a different model: a structured period between the Junior Cycle and Leaving Certificate in which schools can give greater space to work experience, personal development and

broader learning. [258] The evidence on Technical Awards in England is also encouraging. Pupils taking them tend to have better attendance and lower exclusion, suggesting a broader and more practically focused curriculum may help young people stay engaged in education.[259]

Work readiness

381. The evidence around careers and employers points in the same direction. Better implementation of the Gatsby Benchmarks on careers guidance is associated with stronger sustained destinations and lower later NEET rates, including stronger associations in disadvantaged schools.[260] Repeated employer contact helps young people to understand occupations, employer expectations and routes into work.[261] International comparisons reinforce the same argument. In the Netherlands, combining education with employment is far more common, with 51 per cent of 18 to 24 year-olds doing both, compared with just 17 per cent in the UK.[262]

382. Denmark's Bridging the Gap model combines vocational learning, employer experience and a continuing mentor for young adults, with evidence of improved progression and longer-term employment. [263] England's former Traineeships programme provides useful evidence for the stage immediately before apprenticeships. Its combination of English and maths, work preparation and substantial employer experience improved progression into apprenticeships and further learning.[264]

Apprenticeships

383. There is strong and robust evidence that achieving an apprenticeship can improve the labour market prospects of young people who have already fallen out of education and work. Analysis by the Department for Education (DfE) compares apprenticeship achievers with similar learners who started but did not achieve. It estimates that, amongst previously NEET 16 to 24 year-olds, completing an intermediate apprenticeship increases the likelihood of being in employment 3 to 5 years later by around 9 percentage points, rising to 11 percentage points among 16 to 18 year-olds.[265] Previously NEET young people completing intermediate or advanced apprenticeships also see significant earnings returns. [266] This is consistent with wider international evidence, which finds positive effects from apprenticeships and vocational training.[267] The Youth Futures Foundation's review of targeted youth-employment programmes found strong employment and earnings returns from apprenticeships, including for young people who were previously NEET.[268] But starts alone are not enough. Quality, support, completion and progression determine whether a first opportunity becomes a lasting bridge into working life.[269]

4.4 Foundations are being built but a bigger reset is needed

384. Government has already begun to address some of the weaknesses identified by the Interim Report. Those reforms should be banked rather than disregarded. The question is whether they yet add up to a system capable of preventing youth detachment and securing sustained participation.

385. The renewed focus the Government has placed on early years is welcome. It is also rebuilding aspects of family and early-help provision after a period in which preventive capacity declined substantially.[270] That shift is necessary.

386. School readiness has been made a national priority and the current ambition to have 75 per cent of 5 year-olds school-ready represents an important improvement in direction.[271] But it should be regarded as a staging point rather than the final definition of success. The case for a substantially higher ambition is strongest for disadvantaged children, for whom the early gap is largest and its later consequences most severe.[272]

387. In schools, reforms announced following the Curriculum and Assessment Review retain the core academic architecture while creating more room for breadth and enrichment. [273] Changes to assessment and accountability, and a stronger commitment to work experience, move in the right direction, although they do not yet amount to a wider reset. The Government is also seeking to reduce absence, with a specific national attendance target and measures intended to support improvement through school level action, support and challenge. SEND reform is moving towards earlier support and stronger mainstream provision, with less dependence on formal diagnosis as the sole gateway to help. That direction is welcome. The test will be whether practical capacity reaches schools quickly enough to alter attendance, learning and transition outcomes for the children already moving through the system.

388. More recently, the Government has taken an important further step. Broader technical pathways will begin from 2028, with new Vocational GCSEs available in some subjects from 2029, sitting alongside traditional GCSEs and a strong common entitlement in English, maths and science.[274] The Government has also launched a National Mission on Work Experience, calling on employers to create additional opportunities so that all young people have meaningful exposure to the workplace between the ages of fourteen and sixteen. I welcome both moves. The challenge now is to make sure these reforms reach young people in every part of the country, are of consistently high quality and lead to successful progression at age sixteen and beyond.

389. The Government's National Youth Strategy also moves us forward. It commits to rebuilding youth services and expanding access to trusted adults, mentoring,

enrichment, skills and work experience.[275] Careers Hubs provide significant infrastructure between schools, colleges and employers, while strategic authorities are gaining greater influence over local skills planning and employer brokerage. Government is also testing AI and technology bootcamps for young people.[276] These initiatives should be part of the participation system, not a set of stand-alone programmes.

390. Government has recognised the vulnerability of the transition at age sixteen as part of the Post 16 Education and Skills White Paper. It has committed to automatically allocating a place at a college or other further education provider to young people leaving school without a post-16 destination.[277] This approach is warmly welcomed and should be expanded if the pilots show a positive impact. The wider post-16 system is also undergoing significant reform. A Levels and T Levels are being retained, V Levels and clearer Level 2 pathways are being introduced, and Technical Excellence Colleges are being developed.

391. Apprenticeship policy is beginning to refocus on younger people through Foundation Apprenticeships, additional funding and faster development of standards in growth sectors.278 But the current measures remain modest against the scale of the decline and do not on their own solve the underlying constraints of employer demand and training capacity.279

392. Across the education system, there are some moves towards stronger use of destinations and labour-market outcomes. Ofsted's renewed inspection framework places greater emphasis on inclusion and how well institutions support learners facing barriers to participation.[280] In parts of post-16 and higher education, progression, continuation, completion and sustained destinations are becoming more visible.[281] But for schools in particular these measures remain secondary to attainment and do not yet amount to a participation accountability system.[282] Nor is any part of the education system sufficiently accountable for whether young people remain engaged after they leave an institution, or what their destination turns out to be.

393. Overall, the direction of policy is broadly aligned with the aims of this Review, but it does not yet match the scale or breadth of the NEET challenge. There are many useful building blocks. But they do not yet form a participation system. Current reforms largely seek to improve the existing system rather than change what it is designed to deliver. The problem cannot be solved by adding another initiative to an already crowded landscape. What is needed is a change in the organising purpose of the system itself: from dealing with failure after it has occurred to preventing detachment before it becomes entrenched; from primarily measuring qualifications to ensuring successful participation; and from separate institutions and programmes to a continuous pathway from childhood into working life.

4.5 A new participation pathway

394. A more fundamental reset is needed if the pace of change we are witnessing in the world of work is to be matched in the world of education. There are five major changes I propose. We should intervene earlier, improving school readiness in reception through to the end of primary school, rather than waiting for disengagement in adolescence. We should focus secondary education on connecting young people to their strengths and to the world beyond school while maintaining demanding common standards. We should make further education England's principal technical and transition institution, and focus universities more on employability. We should make apprenticeships a first route into skilled work for young people. And across the whole system, institutions should be accountable not simply for qualifications achieved but for whether young people successfully participate in the next stage of their learning or earning journey.

395. The purpose is to make young people's future participation the thread running through the whole education system, not an afterthought. Every young person should leave childhood with the foundations, skills, experience and opportunity to participate successfully in adult working life.

Earlier intervention

396. School readiness at five years old should be treated as the first participation outcome. The Government's existing 75 per cent ambition on good level of development (GLD) should become a staging point rather than the destination.[283] Ideally, all children should be school-ready at the age of 5, but of course there will be some for whom that will always be challenging or impossible. But by 2036 we should aim for at least 90 per cent of children in England to meet the good level of development. A modern participation system should spend more effort preventing predictable failure and less money repairing its consequences. The point is not another target for its own sake. It is to establish that developmental disadvantage at five is not an acceptable permanent feature of the education system for one quarter of the country's children.

397. To achieve this more substantial shift in early years outcomes, there needs to be a strengthened birth-to-five system. This should include sustained expansion of Best Start Family Hubs, particularly in areas of high disadvantage and isolation, and more local capacity in local authorities and MSAs to join up services from conception to age 5.[284]

398. The Early Years Pupil Premium is playing an important role in boosting financial support for the most disadvantaged children. But at the moment the per child national funding rate of £655.50 per year significantly lags the Primary School Pupil Premium rate of £1,550 per year.[285] Given how entrenched attainment gaps are

from the start of primary school, the Government should consider how the funding rate of the Early Years Pupil Premium could be boosted to match the primary school rate.

399. A similar improvement ambition should apply to the end of primary school. Children who leave primary education without secure literacy and numeracy face a steep uphill struggle. Disadvantaged pupils are disproportionately represented among them.[286] We currently accept that one third of children aged 11 will leave primary school without both the right literacy and numeracy levels. That is not good enough. We should aim for at least 90 per cent of children reaching the expected standard by 2036. This new national ambition will be one of the strongest protective factors against the next generation of youngsters ending up NEET.

400. That ambition needs a national delivery plan behind it. The last comparable push, established by David Blunkett and taken forward through the Literacy Task Force chaired by Michael Barber, combined a clear goal with teacher development and school-level implementation.[287] We should do the same again, updated for today's evidence, and examine: speech and language; vocabulary; phonics; fluency and reading stamina; and spelling and writing. Literacy should be strengthened in initial teacher training and specialist literacy development made part of continuing professional development for every primary teacher, with access to specialist help where children fall behind.[288] For pupils between the ages of five and eleven, schools should be able to identify gaps early, provide evidence-based help and stop accepting that a predictable proportion of children will arrive at secondary school already significantly behind.

Parenting

401. Parents are integral to both ambitions. If childhood is more challenging today than it was for previous generations, so too is parenting. Rising anxiety is not the sole preserve of children. It extends to parents. They need more support.

402. It should be delivered through Best Start Family Hubs as a national programme: practical information and support accessible to all parents, evidence-based help where communication, routines, behaviour or home learning are becoming a problem, and intensive multi-agency support for the smaller number of families facing serious difficulties.[289] It should be strongest where school-readiness gaps are widest and integrated with health and early years provision.

403. Parenting support should continue as children grow older. The move into secondary school is a particularly important transition. Young people become more independent, parental contact with their child's school can weaken and new pressures around peers, smartphones, social media and academic expectations intensify.[290] To better keep parents in the loop and to strengthen their relationship

with schools' routine, personalised and regular communication about their child's attendance and learning should become the norm, including through messaging and digital tools. Evidence suggests that this approach can improve student progress and reduce absence at relatively low cost.[291]

404. Modern parenting also means setting boundaries in a digital environment that previous generations did not have to face. I fully support the Government's goal to restrict access to social media for under 16s and create additional protections for 16 to 17 year-olds.[292] These restrictions on their own will not address online harms but they can begin to create a generational shift to make unfettered access to social media for children a thing of the past. Restrictions will never remove the need for parents to set boundaries around devices, sleep and online use. As the Australian example shows, this will not be a silver bullet, but if the ban creates the conditions where children turning ten or eleven no longer create social media accounts as a rite of passage, the legislation will have shown its worth. [293] I welcome the Government's decision to strengthen its guidance so that schools move beyond a 'not seen, not heard' approach and ensure that mobile phones are genuinely inaccessible throughout the school day. This is a sensible step given the risks that unrestricted phone access poses to attention, engagement and relationships in school. The policy should be kept under review to ensure it is delivering on the goal of making schools phone free.

405. Parents should also be brought more routinely into careers and progression discussions from age 14 onwards. We need to go further than simply sharing information with them.[294] Technical education, FE, apprenticeships, T levels, V levels and higher technical learning will struggle to achieve equal status while the adults influencing young people's decisions understand the academic route far better than the alternatives. Government should therefore ensure easy access to information, available digitally, for both young people and their parents to understand which education and training courses produce the best employment outcomes.

Identifying and acting on risk

406. Schools need to become stronger protective institutions. For pupils who struggle with attention, relationships, behaviour or emotional regulation, having a consistent trusted adult and the right support can be the difference between engaging in education and gradually disengaging from it.[295] A stronger nurture offer within schools should be part of early intervention, helping identify social and emotional needs before they become entrenched. Nurture UK is one example of this approach, using tools such as the Boxall Profile and other evidence-based interventions to help schools identify need and target support.[296] The aim should be

better attendance, stronger engagement, fewer exclusions and ultimately fewer young people becoming detached from education.

407. Every pupil at material risk of disengagement should be known by an adult in the school who understands their circumstances sufficiently to notice significant change. This does not require another new profession. It may be a form tutor, teacher, pastoral lead or another appropriate member of staff. They should be somebody's responsibility.

408. Persistent absence should trigger a participation response alongside legitimate enforcement. Parents have responsibilities and sanctions will remain appropriate in some circumstances. But enforcement cannot substitute for understanding the cause. Attendance should be treated as a whole-system participation issue, not simply a problem for schools. Local areas should bring together schools, local authorities, health, children's services and the YOS around a common view of the pupils whose participation is weakening. That should include routine audit and challenge on attendance, active work to reduce avoidable suspensions, multi-agency tracking of pupils with very low attendance, and named responsibility for following through where low attendance, suspension and later NEET risk overlap. The point is to act while disengagement is still reversible rather than wait for a young person to disappear from education altogether.

409. The same principle applies to exclusion. Exclusion is a tipping point in the wider process of disengagement from education, and it is strongly associated with poorer participation outcomes later on.[297] It is striking that the Netherlands, where NEET rates are around one-third of our own, has permanent school exclusion rates 73 per cent lower than England.[298] Over the longer term, we want to see fewer young people permanently excluded by ensuring that their needs are identified and met earlier, with the right support in place to keep them engaged in education. This should also help reduce variation in exclusion rates across England, while recognising that schools must retain responsibility for behaviour policies and the discretion to exclude where necessary to maintain safe and orderly learning environments. Experience in Scotland shows that much lower use of exclusion is possible, but concerns about worsening behaviour and increased disruption underline the need to strike the right balance.[299] Evidence from mainstream schools in England also shows that good behaviour, high attainment and low exclusion rates can coexist, and that all of these are associated with lower subsequent NEET rates.[300] The aim should therefore be to reduce the need for exclusion through earlier intervention, stronger support and greater sharing of effective practice, rather than to remove exclusion entirely as a sanction for schools.

410. Intervention should begin before repeated suspension or permanent exclusion occurs. The transition into secondary school provides an important opportunity to identify pupils at greatest risk, including those with SEND, care-experienced pupils and those awaiting assessment, and to review whether the support and provision around them is appropriate before problems escalate. Where a pupil is repeatedly suspended or permanently excluded, there should be a transition and participation plan with a named lead responsible for coordinating what happens next. This should be someone within a school in the first instance, and then if a suspension is repeated, escalated to the local authority, so that accountability survives movement between schools, alternative provision and other services. Stronger local school partnerships should support this approach, enabling schools to share expertise, intervene earlier and develop flexible alternatives to exclusion. Teachers participating in DfE's School Exclusion Trial highlighted the benefits of stronger partnership working, with participating schools reporting earlier intervention, better tracking of vulnerable pupils and fewer permanent exclusions.[301] Over time, this should help reduce both the overall use of exclusion and the significant variation between local areas, while ensuring that those who do leave mainstream education receive high-quality alternative provision with clear routes back into education, training or employment.

411. SEND is another example where problems or needs often become visible early, but action does not. Young people with additional needs are much more likely subsequently to become NEET.[302] Too much help currently depends on crossing diagnostic or administrative thresholds. Diagnosis can be valuable, but families should not have to fight for a label before practical help becomes available. The test should increasingly be whether a young person is attending, learning, experiencing the wider world and moving towards participation. I welcome the Government reforms on SEND. The focus on early intervention is crucial and, although the changes will inevitably be challenging, I fully endorse the approach and want to see the proposed changes delivered in full.

412. That means schools should use the information they already possess more intentionally. School-readiness history, attendance, attainment, care experience status, SEND, suspension and pastoral information should increasingly be considered together. That cannot wait until secondary school. It should begin in primary school.[303] Building on effective work already underway in many schools' use of RONI tools, it should be mandatory for schools, both primary and secondary, to use data earlier to identify and support pupils at risk of becoming NEET.[304]

413. A participation strategy which expects more from schools serving the most disadvantaged communities must pay attention to whether those schools have the workforce and leadership capacity required to deliver it. Government should use its existing teacher recruitment, retention and school-improvement levers more

deliberately in the places where educational disadvantage and later youth detachment overlap. Existing school-improvement capacity, including Regional Improvements for Standards and Excellence (RISE) teams, should be used in schools and places with persistently weak participation and NEET outcomes.[305] Government should report annually on whether the gaps in educational attainment by geography as well as by socio-economic group are narrowing or widening. Alongside its annual report it should identify how it is deploying financial and human resources to close those attainment gaps.

414. Schools have to take the lead in closing those gaps and in the process reduce NEET risk factors. But as children only spend about a fifth of their waking hours in education, what happens outside the school gates also matters.[306] This is where youth work plays a critical role. For many young people, trained youth workers can play an important role in supporting their social and emotional development, especially for those who are at greatest risk of falling out of education. Cuts over the last decade have hollowed out the support available across the country. The Government is trying to change that, and I strongly support the new Youth Matters Strategy and the recent commitment by the Department for Culture, Media and Sport (DCMS) to fund 1,000 youth workers to help engage young people before they become NEET.[307] To build on this commitment, the Government should increase the number of specialist youth workers and expand activities available to young people, especially in areas with high NEET rates. Alongside this, consideration should be given to building statutory entitlements for youth provision and raising the bar on the support which young people can expect wherever they live, starting with support for those at greatest risk of becoming NEET.

Curriculum change

415. The changes outlined above aim to reduce the risk of more young people becoming NEET. But to ensure young people are equipped to progress into employment and build a career, curriculum change is also needed in schools. Our survey of teachers found that three-quarters agreed that the curriculum put too much emphasis on passing exams (74 per cent) and not enough focus on preparing young people for work (73 per cent) or teaching soft skills for employment (73 per cent).[308] Nearly three-quarters (73 per cent) also believed it possible for the curriculum to be adapted to provide a broader set of skills for work and employment while still maintaining high academic standards. Most NEET young people we surveyed believe the current curriculum does not prepare people for work (67 per cent), while over half feel that the current education system does not suit people like them (55 per cent).[309]

416. Employers see the same issues from the demand side. Only 3 per cent of those surveyed who recruited 16 year-olds into their first job from school said young

people lacked literacy or numeracy skills.[310] They point instead to a lack of work readiness, including experience, maturity and confidence. The school system currently focuses on producing qualifications. It does not reliably produce work readiness. That requires a new balance in the curriculum. The Government has made a start but more change is needed to ensure that the majority of young people, not just those who become NEET, are being prepared for the world of work in a rapidly changing economy.[311] Every young person should experience a broad and relevant education that combines strong academic foundations with meaningful opportunities for practical learning, enrichment, employer exposure and technical study.

417. Key stage 3, when disengagement often begins, is a particularly critical phase for young people. Ofsted research has found that key stage 3 is often given less priority than the GCSE years, with intervention and resources concentrated on older pupils.[312] More recent attendance data continues to show that disengagement and lost learning become increasingly pronounced as pupils move through secondary school.[313]

418. We know that children who fall behind in literacy and numeracy early are less likely to achieve good passes in GCSE English and maths.[314] We also know that failing to achieve five good GCSEs, including English and maths, is one of the most prevalent risk factors associated with becoming NEET.[315] Oracy skills, as the Government has recognised, are also increasingly important core capabilities for young people to develop. To ensure all young people are on track in these core skills, government should introduce a new statutory key stage 3 writing, numeracy and oracy check, building on government proposals for a reading check at year 8 announced last year.[316] This should be a diagnostic check, not a new high-stakes exam: its purpose should be to identify pupils who need additional support while there is still time to provide it.

419. I am also persuaded that schools need more freedom at key stage 3 to respond to pupil need and aptitude. Every child has an interest, a passion, a potential. Schools should have 10 per cent of their timetable sit outside of the national curriculum at key stage 3, with approximately 90 per cent continuing to protect the common national entitlement, to give schools time to better allow those strengths to flourish. The national curriculum should be reduced proportionately to enable this. Schools should decide how that time outside of the national curriculum is used. For some pupils it might mean additional English and maths where foundations remain insecure. For others it might provide academic extension, science and technology, music, drama and the arts, technical exploration, sport, debating, enterprise, employer-led projects or other demanding activity which helps a young person discover where they can excel. The important point is that flexibility should not become a lower-standard part of the school week for children considered less

academic. It should provide another means of securing achievement, strengthening engagement and creating a clearer route to what comes next for all students.

420. I very much welcome the Government's decision to introduce new Vocational GCSEs alongside broader technical pathways, beginning from the age of fourteen.[317] This is a significant shift in the right direction but it should not create a separate route for young people deemed less academic. Vocational GCSEs should sit alongside a strong common entitlement in English, maths and science, giving young people access to demanding technical and practical learning with clear routes onwards into A levels, V levels, T levels, apprenticeships, higher learning and work. The purpose should not be to decide which children are academic and which are vocational. Instead, it should be about helping every child discover where they can succeed. It has to be about keeping routes open rather than closing them down. Greater choice must not become a new form of streaming. The academic route should remain open to all.

421. But technical education should become a core part of what schools do. The key now is to make the new system work in practice. Schools should not each be expected to duplicate expensive workshops, equipment and specialist teachers to deliver vocational GCSEs. Academy trusts, FE colleges, UTCs, specialist providers and employers should work across a place so that young people can reach excellent provision wherever it is located.

422. The growth of academies and multi-academy trusts has created important capacity on which to build. Academy status is not in itself a guarantee of higher standards, and performance between trusts varies. But the strongest trusts have shown how good leadership, curriculum expertise, specialist staff and resources can be shared across groups of schools, while sponsored academies have generally improved performance after joining trusts.[318] The next step should be to use that capacity more deliberately. As schools increasingly work together in strong trusts, they should be able to pool specialist teachers, facilities and employer relationships so that a broader technical offer is available to young people across a group of schools rather than having to be recreated in every institution. I welcome government's call for more of this type of collaboration in the Schools White Paper.[319] It is particularly important for technical education, where the cost and expertise required can otherwise put high-quality provision beyond the reach of individual schools.[320]

423. The UTC model should also be expanded. There are currently 44 UTCs in England, representing around 1 per cent of state-funded secondary schools.[321] A recent analysis found that UTC leavers were more likely to enter apprenticeships and more likely to be employed.[322] Mainstream secondary schools are already beginning to

build on the model by adopting the 'UTC Sleeve' approach.[323] This model embeds the specialist, employer-led technical approach of a UTC within an existing secondary school. It too should become over time a mainstream part of the school landscape.

424. Strategic authorities should work with those institutions to ensure the technical offer reflects the opportunities available in the local economy. Every Strategic Authority should publish a simple pathway map showing how choices at fourteen, sixteen and eighteen connect to further study, apprenticeships and good jobs. The Beeline system in Greater Manchester is a great example where this is already happening.[324] The test should not be how many Vocational GCSEs are taken. It should be whether the young people taking them successfully progress into high-quality level 3 study, apprenticeships, higher learning or work.

425. Technical education will acquire status when it offers pathways or institutions young people compete to enter, not routes they are sent down after another option has closed.[325] It should be earned through quality, outcomes and demand. Government should enable outstanding FE colleges, UTC-type provision, specialist campuses and employer-backed institutions to expand where there is demand and enable additional specialist capacity where existing provision is unable to meet it.

426. Assessment will be crucial to whether the new technical offer succeeds. I welcome the Government's decision that Vocational GCSEs should have nationally set content and Ofqual-regulated assessment, alongside a greater emphasis on practical skills and assessment in appropriate GCSE subjects.[326] Technical education will achieve parity only when its qualifications are every bit as rigorous and trusted as their academic counterparts. But equal rigour does not require identical forms of assessment. Where the subject demands it, young people should be able to demonstrate achievement through practical assessment, project work and demonstrated competence as well as written examinations.

427. GCSEs should be retained, but action must be taken to reduce the exam load on young people. The current system, whereby most young people are made to sit all their final GCSE exams in six weeks at the end of Year 11, drives late disengagement. The Government is already looking at how we can reduce the load and that is critical to improvement in the short-term. It is right that, in particular, English and maths expectations remain high. Young people who have not secured level 2 by the age of sixteen should continue working towards those foundations. But repeatedly entering somebody for the same examination before they are ready is not the same as maintaining rigour. Only 20 per cent of those who had not achieved Level 2 English and maths at age 16 had achieved both by age 19 in 2024/25.[327] Level 2 should remain the ambition but I welcome the Government introducing new level 1 stepping stone qualifications to support learners'

development.[328] It should go further still in ensuring that foundational English and maths qualifications are achieved and valued by post-16 providers and employers.

428. In the longer term, the gap between the current education system and the broader system described above requires a broader rethink of assessment and the school curriculum. There is an opportunity to strategically design a system where schools can better equip young people to successfully navigate a rapidly changing world, including a labour market that will be subject to profound disruption in the years ahead. Change should happen over time, but the direction of travel needs to be clear. So, the Government should aim for a system to be in place over the next decade which is based on:

- Securing (close to) 100 per cent of young people meeting expected standards for literacy and numeracy, including a role for 'assessment when ready' approaches and alternatives to the current comparable outcomes framework;
- Introducing modular assessment that allows each pupil to combine different subjects, topics, interests and experiences, creating space for deeper and wider learning. That would mean measuring the strengths of every child and attuning the curriculum to realise them.
- Making technical education assessment high status and fit for purpose, including the potential for employer-assessed competence. That would mean keeping examinations as part of the assessment process alongside new qualitative assessments.
- In a world shaped increasingly by artificial intelligence (AI), retaining supervised assessment while also developing rigorous ways to test judgement, problem-solving and practical competence. The point is not to design an assessment system around today's technology. It is to make it resilient to technologies that will keep changing.

429. The aim over the next decade should be an integrated age 14 to19 framework bringing academic and vocational learning into a single structure. It should allow young people to move more easily between different routes. The long-term direction should give greater parity to different forms of achievement and recognise the full range of knowledge, skills and experience young people need. That does not need to involve abandoning GCSEs and A Levels or inventing a new qualification brand. Current reforms should be allowed to bed in, but they should not impede the move towards an integrated age 14 to 19 framework. The destination of where change is heading needs to be clear. Currently it is not.

Work readiness

430. Of the school reforms considered in this Review, I attach particular importance to meaningful exposure to working life. If employers' concerns about lack of work readiness are to be addressed and if young people are to become better acquainted with the evolving world of work, we need to reinvent work experience across the school journey.

431. The Government's National Mission on Work Experience is a major step towards making experience of work a normal part of education. I welcome its ambition to mobilise employers to create an additional 200,000 opportunities and ensure all young people have meaningful exposure to the workplace between the ages of fourteen and sixteen.[329] But I believe these changes need to go further and faster. The destination should be universal access to high-quality experience of working life, regardless of where a young person lives or who their parents know. That means making work experience a statutory duty on schools, complemented by a more substantial and structured offer for young people pursuing technical and vocational education after the age of sixteen.

432. Exposure to the world of work should be built across the school journey. In primary school, the purpose should be to broaden horizons and challenge occupational stereotypes rather than ask children to choose careers. During key stage 3, young people should accumulate meaningful exposure through employer projects, workplace visits, talks, enterprise activity and FE and apprenticeship tasters. By key stage 4 every young person who is able to, should experience a real workplace, normally including a substantial placement.

433. I welcome the Prime Minister's recent announcement to expand access to substantial work placements for young people aged 16 to18. This is an important step towards making workplace experience a more integral part of post-16 education. To build on this ambition, I propose that every young person pursuing a publicly funded technical or vocational study programme should have access to high-quality, structured workplace experience, with placement duration proportionate to the length and purpose of their course. This would mean retaining existing T Level requirements while introducing proportionate placements for V Levels, Occupational Certificates, Foundation Certificates and pre-apprenticeships. For young people combining academic and vocational qualifications, placements should reflect the vocational component of their programme, while shorter preparatory courses should offer supported experience suited to students' needs and readiness. Workplace learning already in place should count towards this offer, with apprenticeships and supported internships retaining their existing arrangements.

434. Access to work experience cannot continue to depend on parental networks. Young people unable to secure opportunities through their families should receive more brokerage, not a poorer experience. Delivering this at scale will require strong local coordination. Careers Hubs and existing employer-engagement infrastructure should be built on rather than duplicated. Strategic authorities should bring that capacity together as part of their Area Youth Participation Plans and link it directly to the YOS, with additional support concentrated on young people and places where access to employer networks is weakest.

435. Schools should avoid loading all placements at the end of the year, coinciding with the exam period and transition activities, and should instead spread them throughout the academic year. This would also reduce the pressure on employers to accommodate large numbers of students simultaneously, helping them to offer more opportunities.

436. Work readiness should also be defined rather than assumed. A young person's education cannot be reduced to simply meeting employers' immediate requirements. It should mean possessing the foundations and social capital needed to navigate adult working life: gaining attributes like communication, collaboration and creativity alongside practical skills such as problem solving, time keeping, understanding basic workplace rights and expectations, responding to feedback and knowing how to ask for help. Social capital should not be inherited by accident. Education should help provide it deliberately. Every young person, by the time they leave school, should know how to find an opportunity, complete an application and approach an interview.

437. Good careers guidance is critical.[330] It needs to be more universal than it is at present. It also needs to be better aligned to progression into the labour market. Bringing careers advice under the umbrella of the YOS will help address those deficits. Government should ensure that every school and young person can access high-quality digital careers information, including AI-enabled tools, which bring together national and local labour-market information, pathways and earnings data in an accessible form. Technology should free more face-to-face capacity for young people who need it most, allowing young people at risk of becoming NEET to receive enhanced face-to-face guidance at the main decision points, with parents involved where appropriate.

438. If participation is to be part of the core purpose of education, schools should be made more accountable for it. Today schools are focused on qualifications, with too little accountability for prioritising the work readiness of students.[331] Schools are currently principally measured on attainment. They are not nearly as thoroughly assessed on whether young people leave school with experiences and capabilities needed to make a successful transition into further education, training or

employment. While it is helpful that Ofsted's new Inspection Framework has been designed to move towards a more balanced review of how schools support their pupils, with a greater focus on inclusion, more is needed if work readiness is genuinely to influence school leaders' priorities. [332]

439. What government chooses to measure tells institutions what government believes matters. If successful participation matters, the accountability system has to say so. I welcome the Government's publication of an Employability Skills Framework, as well as its commitment to adapt school performance measures and accountability to support the new vocational qualifications. [333] But the principle should go further. If the purpose of these reforms is to improve young people's transition from education into adult working life, accountability should ultimately recognise whether young people are ready for that transition and whether they successfully sustain it.

440. A new ready-for-work standard should fill that gap. It should be introduced in 2028. It should assess whether at the individual pupil level a young person is work-ready and that data should then be aggregated to school level through a ready-for-work rate, including the gaps experienced by young people on Free School Meals and those with SEND. The ready-for-work standard should complement the reformed Progress 8 and Attainment 8 headline measures, and existing destination measures.

441. A new measure will matter only if the accountability system uses it. What gets inspected gets attention. Ofsted can help make preparation for work and successful progression part of the core business of schools rather than an optional addition to it. Government should therefore give the ready-for-work rate parity of esteem with existing headline measures used by Ofsted and make preparation for sustained participation an explicit part of the way schools are held to account. This will help to hardwire work readiness into school leaders' decision-making.

442. There is a further step. Government should strengthen destination measures so that school performance is judged more clearly by where young people actually go after they leave and whether they remain successfully engaged in education, training or work. This is different from the ready-for-work standard which asks whether the young person is prepared for the transition. Destination measures asks whether the transition actually happened and lasted. The Government should work on a new outcome measure against which school performance is judged. Destination measures should take account of pupils' starting points, socio-economic circumstances and the characteristics of the place in which a school operates. Schools should be judged fairly for the progress they enable, rather than simply reflecting the advantages or disadvantages of the communities they serve. The use of the new measure should start in 2028.

443. The results should be published in a form that young people, parents and the wider public can understand. They should be able to see not only how well a school performs academically, but how effectively it helps young people build the bridge from education into further learning and working life. As set out below, the same principle should apply to colleges and universities. All educational institutions should increasingly be judged not simply by who enters and what qualifications they award, but by the destinations and sustained outcomes they help their students achieve.

444. Schools often feel overwhelmed by the multiple responsibilities they already face. In that context I have weighed up carefully whether the changes I have proposed can be justified. I believe they can. The current system is leaving too many young people at risk of becoming NEET. Something has to give.

Care-experienced young people

For some young people, making a successful transition into adult life requires more than a better education or a clearer route into work. There is one group for whom the State has a particular responsibility: young people who have experienced care, including those who are currently in care. Care-experienced young people have some of the highest NEET rates of any group. Two in five care leavers aged 19 to 21 are NEET, nearly three times the rate of their peers.[334] Many have faced adversity and instability before entering care, and too many face another cliff edge as they leave it. They are more likely to report financial problems and relationship or family breakdown, and to feel their current circumstances make moving into work, education or training difficult.[335] At precisely the point when other young people can lean most heavily on their families, care leavers are often expected to manage housing, money and the responsibilities of adult life largely alone. Too often, immediate survival takes precedence over further study or building a career.

The Government is rightly investing in reform of the care system, and I strongly support that work.[336] But if we are serious about reaching NEET Zero, more must be done to support care leavers through the transition into adulthood. Where the State has taken on the role of parent, that role cannot simply fall away when a young person turns sixteen or eighteen, or leaves care. The appallingly high NEET rates that care leavers experience mean that strategic authorities should be judged on whether they are closing the participation gap with other young people. To ensure care experienced young people get the support they need, the YOS should have clear responsibility for ensuring care leavers can access practical and holistic support.

Care experienced young people often face major challenges in achieving strong education outcomes. The Government already recognises the need to provide extra support through Pupil Premium Plus. But post-16 support is organised differently than the per-child funding provided to schools, and is significantly less generous, at entirely the wrong point to be reducing investment.[337] In future, this funding should be extended in full to 17 to 18

year-olds to ensure they are supported right to the end of compulsory education.

Care experienced young people also need more direct financial support during this critical transition, drawing on the experience of the previous Education Maintenance Allowance (EMA). The Government should introduce an EMA-style Care Leaver Transition Allowance of £50 a week, available for six months to care leavers who are NEET or at serious risk of becoming so. It should be conditional on the young person taking part in agreed education, employment, training or other progression activity. Its purpose is straightforward: to provide a degree of financial support while a young person establishes themselves in adult life, so that immediate financial pressures do not pull them away from learning and work. There is precedent for this approach. A similar scheme in Trafford was associated with the participation rate in education, employment or training among care leavers aged 19 to 21 increasing from 73 per cent in April 2014 to 84 per cent by December 2014, substantially above the national average at the time.[338]

An allowance alone will not overcome every barrier care experienced young people face. But combined with sustained educational support and joined-up help with housing, health and other needs, it can help provide part of the stability that other young people receive from their families. They should not face a penalty for having been in the care of the State. The State should expect of itself what any good parent would expect: that its responsibility extends until a young person is securely on their way. If we expect them to participate, we have a particular obligation to give them the support and security that make participation possible.

The allowance should be evaluated and if it proves to be successful, the Government should consider extending the approach to other cohorts within the NEET population.

Further Education

445. In the best systems internationally, vocational education and training is the backbone of the school-to-work transition, boosting technical education at all levels.[339] In England, historic underfunding, an academic focus and inattention to regional growth have reduced FE's technical education footprint. As I set out in my Interim Report, one of the key reasons for our elevated NEET rates versus other countries is the low number of young people aged 18 to 24 who are participating in vocational and technical education, and work-based learning. [340] This is a longstanding issue and explains a sizeable proportion of the NEET rate gap between ourselves and the best performing countries.

446. A sharp change in direction is needed. FE colleges should become England's principal technical and transition institution, connecting school to skilled work. Colleges need additional investment, but additional money should purchase a clearer mission. Working with local authorities and strategic authorities, colleges

should actively re-engage 16 to 17 year-olds whose first route breaks down or who are referred into FE provision, provide the principal pre-apprenticeship tier, combine English and maths with technical and workplace learning and become the institution the participation system turns to when a young person needs a route onwards.

447. To help those who are currently NEET and reduce the future flow, government should make strategic investments in FE that incentivise work readiness and stronger support for young people at risk of detaching from participation. Over time, this should tilt FE funding and focus towards a new programme of pre-apprenticeships, apprenticeships, technical routes and level 4 and 5 higher technical education, with a smaller share of provision focused on GCSEs and A levels. That requires planned growth in youth technical and transition capacity, not expansion for its own sake. Government should fund growth where demographic pressure, high NEET rates and local labour-market demand justify it; remove the penalty for taking young people mid-year; and support capital and workforce investment where technical provision is constrained.

448. This expansion should be underpinned by a guarantee that funding will keep pace with participation. At present, funding for education between the ages of 16 and 19 is tied to forecasts of participation at the time of the Spending Review. When participation exceeds that forecast, the budget must be spread more thinly across a greater number of students. The Association of Colleges told me that in this academic year, colleges had to enrol 32,000 extra young people with no additional funding.[341] Colleges and other providers should be able to bring young people back into education with confidence that their place will be adequately funded, and with greater certainty over future budgets so they can plan provision and boost quality. The Government should therefore guarantee that the age 16 to 19 education budget increases automatically in line with participation.

449. Recent additional funding for Further Education is welcome, but rising numbers of 16 to 18 year-olds will absorb much of it. [342] Further expansion is needed. International comparisons reinforce the extent of the post-18 participation gap in education. In 2024 around 43 per cent of 18 to 24 year-olds in the UK were in education, compared with an OECD average of around 54 per cent.[343] At age 18, around 66 per cent of young people in the UK remained in education, compared with roughly 84 per cent across the Netherlands, Denmark and Germany. By age 24, the UK rate of 21 per cent was less than half the rate in those countries. [344]

450. Over the next decade we should significantly reduce the gap in post-18 participation between the UK and comparator countries. This will require over 150,000 additional young people aged 18 to 24 participating in FE each year, across FE colleges and other training providers, alongside the growth in apprenticeships

set out below.[345] Ultimately this will mean many young people remaining in education longer, alongside individuals returning for further study. The scale of this change will require a sustained boost in capacity within the FE sector, including in the workforce. This reform will help ensure young people are building greater skills, especially in level 4 and 5 qualifications which Skills England identifies as most needed in the key Industrial Strategy sectors over the next decade.[346]

451. Extra resources alone will not be enough to make further education an engine room of increased youth participation. There are five reforms that should be introduced alongside the extra resources to ensure maximum impact.

452. Firstly, the Government's recent decision to guarantee funding for eligible exceptional in-year growth in 2026/27, with the rules published ahead of the academic year, is welcome. This commitment should become a permanent feature of the funding system. But funding arrangements must also become more responsive to young people who return to education during the year. The Government should introduce a mechanism to provide colleges with timely, proportionate funding for additional eligible learners who enrol after the November reference date, rather than leaving providers to absorb the costs of supporting them. No young person should be told to wait until the following September because the funding system works to an academic-year timetable. Systems should adapt to the lives of young people, not require young people to adapt to the administrative convenience of systems.

453. Secondly, government should introduce a participation and work-readiness premium for FE, initially targeted at 16 to 17 year-olds who were previously NEET or at serious risk of becoming NEET. It should finance outreach, mentoring, enhanced pastoral support, work preparation, employer brokerage and evidence-based re-engagement rather than become an unconditional uplift to college funding. I would begin with the highest-risk group, test whether the model materially changes participation and destinations, and widen it only where the evidence supports doing so.

454. Thirdly, mirroring the expectations that schools have new ready-for-work and outcome-based measures, FE should have the same. The work readiness measure should reflect the considerations set out earlier in this chapter, assessing readiness at individual student level and aggregating to provider level for accountability. The outcome measure should show whether providers are supporting young people to transition successfully into their next destination and future work. Results should be adjusted to reflect different learner baselines, including disadvantage, care experience and SEND status. The set of measures should be published and used by MSAs, Ofsted and DfE to drive higher-quality provision.

455. Fourthly, the Government should start to move funding for FE colleges from a simple activity-based model, where colleges are funded according to the number of places they provide, towards a model which also recognises and rewards outcomes and destinations. This will help to ensure that providers are focusing their efforts on courses that are producing the best labour market results for their students.

456. Finally, there needs to be greater diversity in provision. Regional innovation has already produced promising examples focused on local growth sectors, including Ada, the National College for Digital Skills, and the London Screen Academy.[347] These models show the potential of provision designed around clearly defined sectors, shaped by employers and connected closely to apprenticeships, further study and employment. But a bigger national approach is needed. Government should therefore establish a mayoral-led mechanism for developing new industry-led technical colleges, specialist campuses or equivalent centres. Strategic authorities would identify a sustained gap in the local skills pipeline, convene employers and education providers, and sponsor a proposal for central government approval and funding (where needed). Liverpool City Region's construction-skills partnership illustrates the type of role this could formalise.[348] The Combined Authority is aggregating demand across housing, energy, transport and infrastructure projects, identifying future occupational shortages and brokering relationships between employers and training providers.[349]

457. A larger role for FE requires a stronger workforce. Government should establish a high-status industry-to-FE route through which experienced professionals can move into teaching or combine employment in their sector with part-time teaching. The design should learn from successful reforms to schoolteacher training: structured initial preparation, high-quality mentoring, subject-specific pedagogy and sustained professional development, adapted for a dual-professional FE workforce. Training should be funded, dual-professional arrangements made easier and incentives concentrated on the occupations and places facing the greatest shortages. This could build on the likes of the Taking Teaching Further programme to cover more roles and increasing incentives for prospective teachers.[350] Employers and sector bodies should also be encouraged to release experienced staff into colleges for teaching, assessment and curriculum development as I saw demonstrated in Belgium where this is an established part of their vocational training system.

458. Over time, Britain should also build something closer to an Open University for skills: a national digital Open College through which people can find and accumulate accredited modules from colleges, universities and approved providers, with AI helping them navigate choices. This should sit over existing

institutions, rather than creating a new provider, and be part-funded by employers and other private investors.

459. The Lifelong Learning Entitlement is an important building block of this Open College. Young people choosing a technical or vocational route should have the same clarity about their options as those applying to university. UCAS has made access to the university route relatively simple to understand and navigate. There is no equivalent for the young person looking for an FE course, technical qualification, pre-apprenticeship or apprenticeship. Rather than creating a single national application system, every strategic authority should establish a simple, UCAS-style local access point through which young people can see the education, training and apprenticeship opportunities available across their area and understand what employment outcomes they achieve. It should bring together further education, training and apprenticeship opportunities and link directly to the YOS so that young people who need additional help can get it. The principle is simple: choosing a technical route should be no harder to navigate than choosing a university.

Apprenticeships

460. Apprenticeships are the largest education and skills priority arising from this Review. They combine learning with actual work, develop occupational competence and workplace experience at the same time and have strong evidence of good employment and earnings returns.[351] Yet their role as a first opportunity for young people has weakened and by comparison with lower NEET-rate European countries we markedly under-invest in apprenticeships.[352] If we are to address the NEET crisis, we need to put that right.

461. Demand for an apprenticeship massively outwieghs supply.[353] So, a new national ambition is needed. Apprenticeships should be returned to their core purpose, a route for young people into skilled work. The aim should be to double the number of young people achieving an apprenticeship over the next decade, so that apprenticeships rival university as a mainstream destination for school leavers. By 2036/37, around 35 per cent of each cohort of young people should have started a high-quality apprenticeship by the age of 25.[354] This will put England alongside some of the countries in Europe with the highest apprenticeship participation rates for young people.[355]

462. More apprenticeship starts alone will not be enough. The achievement rate should rise from around 65 per cent today to 80 per cent. On current cohort assumptions, that would mean increasing annual under-25 starts from around 172,000 in 2024/25 to around 270,000 by 2036/37, with around 215,000 young people achieving an apprenticeship each year.[356]

463. A key difference between England and international comparators is the absence of a clear and effective pre-apprenticeship route. Many young people want a work-based future but do not yet possess the qualifications, confidence, workplace experience or routines required to secure and sustain a full apprenticeship. A good system should help them become ready rather than simply tell them they are not. Government should therefore introduce a clear pre-apprenticeship programme at scale. The DfE should work to adapt level 1 provision and the new level 2 Occupational Certificates as the basis for the programme, making this a single, clear 'occupational route' for study at ages 16 to 19. Pre-apprenticeships should also be available post-18, offering all young people who need it a step towards an apprenticeship. They should normally combine English and maths where required, sector-relevant technical learning, work-readiness support and substantial employer experience, with placements proportionate to the length and purpose of the programme. Colleges should be the principal providers for 16 to 18 year-olds, with access continuing for older young adults who require the same bridge. I would propose an initial scale of 25,000 places. The outcome from the new programme that matters is progression. A pre-apprenticeship should lead into an apprenticeship, skilled work or further technical study. Completing the preparatory programme is not, by itself, success.

464. Apprenticeships should also be as accessible a route for 16 to 18 year-olds as classroom-based study. Young apprentices who have not yet secured level 2 English and maths should continue to study them alongside their apprenticeship, but passing those examinations should no longer be used as an exit requirement for completing an apprenticeship.[357] The current rules can trap some young people in repeated failure, block progression and make employers less willing to offer opportunities.[358] Achieving a level 2 in English and maths is not a requirement for passing other age 16 to 19 study programmes so government should remove this disparity for apprenticeships.

465. Apprenticeship expansion has to be accompanied by reform to ensure opportunities are targeted at young people and they become one of the main routes from education into skilled work. England has allowed that purpose to blur. The introduction of the Apprenticeship Levy and associated reforms improved quality and that gain must be protected.[359] But youth access moved in the wrong direction. Between 2014/15 and 2024/25, starts among 16 to 24 year-olds fell by around 40 per cent and level 2 starts fell by 73 per cent.[360] Meanwhile starts at level 4 and above rose by more than 600 per cent from a near-zero base.[361] This was not inevitable. It followed from choices about funding and incentives.[362]

466. The Levy represented a new tax imposed on employers by central government. The unspoken compromise was that employers were then given control over how it was spent, with limited government direction. As a result, individual businesses have

made entirely rational decisions, which have often prioritised using Levy funding to retrain older and current workers over recruiting and training younger workers. Although this has had short-term benefits for employers, in the end it has meant a smaller pipeline of highly trained and work-ready young people. The result is that apprenticeships are simply not available for most young people, despite their popularity. We now have an apprenticeship system that is unique amongst comparable countries, in that it covers all ages and all skill levels but results in some of the lowest youth take-up.

467. In all those countries with the strongest apprenticeship systems, employers play a significant role, including where levies are paid, but crucially this is aligned with clear policy direction from government to ensure apprenticeships are a key route for young people transitioning from education into the workplace.[363] Over the last decade this has not been the case in England. That has been a massive mistake and one we now need to change. Crucially, this starts with being honest about what the Apprenticeship Levy is, which is a payroll tax. It is not a hypothecated tax and it is not ringfenced for apprenticeships. Government sets an apprenticeship budget, which is generally lower than the receipts it receives from Levy payments by employers. Central government keeps a topslice of what employers collectively pay. In 2026/27 that gap is around £460 million.[364]

468. A number of major reforms are needed if the apprenticeship system is to be refocused on providing more opportunities for young people.

469. Firstly, unlike now, government should set the annual English apprenticeship budget at the full value of English Levy receipts and allow it to grow with those receipts. In other words, the existing HM Treasury topslice of apprenticeship funding should be removed and those resources should be ploughed into apprenticeship expansion. This is a significant fiscal choice. But a government serious about rebuilding apprenticeships as a route for young people has to fund the ambition it sets. This has been a key ask of business and one I support.[365]

470. Secondly, apprenticeship funding should be rebalanced towards youth apprenticeships, which should be 100 per cent funded by government, out of Levy proceeds, irrespective of the size of company and there should not be specific limits on recruitment. Adults will still need opportunities to progress, reskill and upskill, especially in a fast-changing labour market driven by advances in technology but government funding for over-25s apprenticeships should be reduced by 25 per cent with the savings used to increase funding for young people. Depending on progress towards expanding youth apprenticeships and the availability of additional public funding, government should be prepared to reduce its contribution to 50 per cent by 2031/32 to ensure the ambition for young people

is met. That transition should be phased carefully around regulated and priority occupations, including health and care.

471. For the over 25s short courses should be expanded but any growth will need to be managed to ensure there is sufficient funding available for the increase proposed in youth apprenticeships.

472. Thirdly, since apprenticeships are fundamentally a job with training, they don't exist without employers being willing to create them. Government needs to provide support to make this happen, so I propose a significant scaling up of financial support both for employers to recruit young apprentices and for providers to prioritise generating opportunities for young people. The current hiring payment available to eligible non-levy paying employers when they recruit new apprentices aged 16 to 24 (a measure introduced from October 2026) should be increased from £2,000 to £2,500. Government should also make it available to those employers who do pay the levy. Alongside this, there should be a new £2,000 incentive for the provider. The employer payment recognises the wage, supervision and first-job costs involved in taking on a young person. The provider payment rewards the organisations that generate opportunities, engage employers, recruit young labour-market entrants and support them to completion. There should be no complex eligibility: if a young person is aged under 25, they should be eligible and businesses of all shapes and sizes should be able to benefit.

473. Fourthly, elsewhere in this Report I have made the case for widespread devolution of employment and skills support, and I have considered the arguments to take a similar approach for apprenticeships. Ultimately, I believe the funding model should remain national across England, especially so that major businesses who employ large numbers of apprentices do not have to deal with varied approaches across the country. But an initial 10 per cent of the apprenticeship budget should be allocated each year to mayoral and other strategic authorities to strengthen employer engagement, generate opportunities, fund training costs, respond to local skills shortages and connect young people to sectors with growing demand. Government should set the overall purpose, entitlement and funding rules. Places should use their labour-market knowledge and employer relationships to make that national offer work locally, not create a second apprenticeship system. I welcome the Chancellor's recent announcement of funding for Local Apprenticeship Services.[366] The funding I propose for MSAs should ensure this brokerage support can be sustained into the future.

474. Finally, the route into apprenticeships also needs to become dramatically simpler. Young people applying to university benefit from a clear and familiar route through UCAS. By contrast, apprenticeships are still advertised by different employers and providers at different times of the year. The system is a maze. Government should

therefore strengthen Find an Apprenticeship as the national vacancy backbone, while every strategic authority should bring apprenticeship vacancies into the same UCAS-style local access point proposed above for FE and other technical routes. Through a simple front door, young people should be able to see the full range of opportunities available locally, understand where they lead, and obtain additional support from the YOS where needed.

475. The reforms I propose will also strip away the bureaucracy that has built up around Levy accounts. Notional employer Levy balances and Levy transfers should be replaced over time by a direct funding model aligned to employer demand and government priorities.

476. These reforms aim to transform opportunities for young people and return apprenticeships to their original purpose - a route for young people into highly skilled work. The priority should be many more young people entering level 2 and level 3 apprenticeships, because this is where the decline in opportunity has been most pronounced and where access is most needed for young people at risk of becoming NEET.

477. But rebuilding the youth apprenticeship system should not mean closing down higher-level routes. So, we should also substantially increase the number of young people progressing into higher and degree apprenticeships where these provide the right route into an occupation. Degree apprenticeships have the potential to bridge a divide which has existed for too long between higher education and work. They allow a young person to gain a degree while earning, accumulating substantial workplace experience and developing competence in an occupation. They should become a much more mainstream part of the options placed in front of young people by schools and colleges. Universities should work with employers to expand high-quality provision in occupations where there is genuine demand. Universities should increasingly see degree apprenticeships as part of their core contribution to widening opportunity, meeting skills needs and connecting higher learning more directly to working life.

Higher education

478. Higher education (HE) plays a critical role in delivering the skills needed for future national and regional growth. For many learners, it is a springboard to higher wages and career progression. The HE sector has also demonstrated an ability to innovate in how it delivers higher-level skills, including through the growth of degree apprenticeships over the past decade.[367] But it is being challenged by the rise in artificial intelligence and what it might mean for the traditional degree model. Changes in the world of work pose a similar challenge.

479. Higher education has expanded significantly in recent decades, but access gaps have not meaningfully closed in 20 years. Young people eligible for Free School Meals are about 20 percentage points less likely to make it to higher education by nineteen than their better off peers, and the access gap is substantially wider at the most selective institutions.[368] At the same time part-time participation fell by more than 50 per cent between 2008/9 and 2019/20, weakening a vital route for mature and disadvantaged learners.[369] And geography compounds disadvantage, with many HE cold spots leading to still lower levels of HE participation.[370]

480. Taken together with the financial pressures facing the sector, all of this begs profound questions about the current HE model and how it needs to evolve to be sustainable and relevant for the new world of work that is emerging. The NEET crisis should help prompt a strategic rethink about the role of HE within the wider tertiary system and how public resources are allocated across competing priorities. Over recent years the financial incentive and regulatory regime for higher education has tilted universities towards competing for students rather than a much stronger focus on employability. If universities are to play their part in addressing the youth employment crisis, a shift is needed.

481. England's post-18 landscape has developed through a series of separate reforms to higher education, further education, apprenticeships, technical qualifications and lifelong learning. This has led to a fragmented tertiary system. Many of the outcomes sought from post-18 education require more collaboration across sectors and places. Higher education and higher-level skills routes should be more intentionally designed around people, places and employers, not just institutions. More flexible routes into higher learning will be needed in future with greater collaboration between institutions. The success of the Lifelong Learning Entitlement (LLE) - in creating an opportunity to support more modular and flexible learning - relies on these changes.

482. There is a particular challenge in addressing what Skills England has identified as the 'missing middle' of technical skills at level 4 and 5.[371] Only 18 per cent of English-domiciled learners gaining a qualification at level 4 or above in 2022/23 did so at level 4 or 5, compared with 52 per cent at level 6.[372] The UK lags most other G7 countries in this respect, ranking sixth for the proportion of 25 to 64 year-olds whose highest qualification is at level 4 or 5.[373] Skills England estimates that 62 per cent of additional employment demand in Industrial Strategy priority occupations will require qualifications at level 4 or above, underlining the importance of closing this gap.[374]

483. To respond to this, government should work with HE and FE institutions to rebalance provision towards level 4 and 5 skills. Learners should be able to carry recognised achievement between providers and stages of study. The Government

should establish annual step-off qualifications with portable credit, so that learners completing each year of higher education receive a recognised award, for example, a level 4 qualification after the first year. This would allow learners to move between providers, return to study later and build recognised learning towards a larger qualification without having to start again. Such an approach would align with commitments in the Skills White Paper to work towards "more flexible, modular provision" for higher level skills. [375] To make sure these qualifications sit within connected routes, providers should be incentivised to make learner movement across providers possible. This could include progression agreements between colleges and universities, joint level 4 and 5 provision, apprenticeship-to-degree routes, local tertiary partnerships and provision connected to local economic priorities. It is very striking that in countries like the Netherlands there are much clearer routes to progress from a college education to a university one than is the case in the UK.[376]

484. Wider changes will also be needed to rebalance provision. The Government should continue to reform and simplify the Office for Students (OfS) rules of registration to enable FE providers to deliver and award level 4 and 5 qualifications more easily.[377] Strategic authorities should be given more powers to help shape tertiary provision in response to local skills needs, including by addressing gaps, improving responsiveness to labour-market demand and avoiding unnecessary duplication. Building on initiatives such as Greater Manchester's FE Innovation Fund, a proportion of innovation funding could also be devolved to strategic authorities, enabling mayors to incentivise provider collaboration and support new approaches to tertiary delivery.[378]

485. New models of higher education with a greater vocational focus and employer involvement should also be encouraged. The North-East Institute of Technology, for example, brings together further education colleges, universities and major employers, such as Nissan, to reimagine higher technical education through an industry-led model designed to produce work-ready graduates equipped to tackle complex real-world problems while meeting regional skills needs and broadening pathways into skilled employment.[379]

486. More generally, government should direct strategic priority funding for tertiary education towards subjects and routes linked to the Industrial Strategy, public service needs and regional priorities. Funding incentives should encourage providers to create connected routes across FE, HE, apprenticeships and employment. And we should explore supporting local tertiary partnerships that coordinate provision around local labour market need.

487. Universities should also be more present in the places they serve. I do not mean putting a new university in every town. But the Government was right to identify a

problem with HE cold spots in the Skills White Paper.[380] More towns should have a visible higher-education presence through satellite campuses, FE-HE partnerships or civic-university models, particularly where participation is low and regeneration need is high. The Association of Colleges and Universities UK have called for universities and colleges to play a leading role in local and regional areas as "anchor institutions", alongside their contributions to building the skills pipeline needed to deliver the Industrial Strategy.[381] Derby shows what that can look like: the University has used its presence across Derby, Chesterfield and Buxton, and investment in its city-centre estate, as part of a wider civic and regeneration role.[382] Higher education should help renew places as well as educate people.

488. None of this is to suggest that universities should lose their autonomy. One of the great strengths of the UK higher education system – and one of the reasons why we punch above our weight globally – is the innovation that this autonomy encourages.[383] There should not be a national curriculum for universities. Institutions should retain freedom over what and how they teach. But a degree in one institution should meet a standard that can be understood and trusted alongside a degree in another. Such a change should be tested with the sector before wider implementation.

489. This should sit alongside government working with the sector and the Office for Students to ensure that universities are as focused on work readiness as schools and colleges. Recent announcements by Universities UK to provide more work experience opportunities during study are welcome.[384] That should become the norm over time. But more should be done to ensure universities focus on securing good employment outcomes for their students. The UK already has strong data on earnings and progression which is published on Discover Uni, but it could be much more prominent in driving subject and institution choices.[385] I propose that this data should be clearly displayed on UCAS when young people are choosing their university options, ensuring that they are making well-informed choices.

490. These measures should help to galvanise the delivery of technical skills and a bigger focus on work in HE. They should also allow government to better understand where public investment can be targeted to maximise employment outcomes.[386] In a world of competing education and skills priorities, HE courses must be able to demonstrate clear value for learners, employers and the wider economy in order to attract public funding. That means the Government should reduce or withdraw funding for low-quality courses at poorly performing institutions. This should be accompanied by stronger action on franchised provision, which has grown rapidly and delivers weaker outcomes on average.[387] Lead providers should remain accountable for the standards and outcomes of courses delivered in their name, with tighter controls on growth and powers to restrict or close provision where oversight, quality or learner progression remain weak. I also support proposed government action to introduce basic requirements

of English proficiency to be eligible for student loan support, as part of these efforts.[388]

4.6 From qualifications alone to sustained participation

491. Taken together, these reforms would change the way the education and skills system works. This is an ambitious programme of investment and reform. It cannot all be funded at once. Choices will have to be made about where additional resources can make the greatest difference, alongside changes to existing funding, incentives and accountabilities.

492. The first priority should be expanding apprenticeships and further education provision. That is how the biggest impact can be made in the shortest time to reduce NEET rates. The package should also be part-funded by reallocating existing education and skills resource, not simply adding new commitments. The move to reduce government funding for apprenticeships for those aged 25 and over would release resource for younger apprentices. In higher education, reducing or withdrawing funding from low-quality courses at poorly performing institutions and tightening weak franchised provision should contribute savings. Early years and FE investment should be targeted on the places and groups where it is most likely to change participation outcomes. The fiscal test should be whether public money is being moved towards prevention, first opportunities and routes with the strongest evidence of sustained employment returns.

493. The reforms I propose are as important as the proposed investment. Together, they add up to a shift in the focus of the education system to ensure that young people are better prepared for the future world of work.

494. At the beginning of childhood, school readiness would cease to be treated primarily as a performance statistic for the early years system. It would become the first measurable participation outcome: a signal of whether children possess the developmental foundations required to benefit fully from the education that follows, with the disadvantage gap treated as an explicit test of progress rather than hidden inside a national average.

495. The same logic would follow children into primary school. The country would become unwilling to accept that a sizeable and predictable minority will reach age eleven without secure literacy and numeracy. Intervention would be organised around ensuring that developmental disadvantage at five is less likely to become an attainment gap at eleven and then an engagement problem in adolescence.

496. Parents remain the first and most important source of nurture, security, encouragement and expectation. The State's role would be clearer and more proportionate: make good parenting easier, provide information and accessible

universal services, intervene more intensively where serious difficulty emerges and expect parents to engage with their child's development, attendance and education in return. Schools would not become substitute families or social services. But they would place greater value on noticing and connecting before problems become crises.

497. Critically, schools would become engines of opportunity. Every good education system in the world balances the acquisition of knowledge, skills and aptitudes. The changes proposed here aim to achieve a new balance in our system to better equip young people for adult life and work in a fast-changing world.

498. Technical education would move from the margins towards the mainstream without becoming a lower-status track for young people. Strong common foundations would be retained while coherent routes connect subjects, practical learning, specialist facilities and employers to the next stage of education, apprenticeship or skilled work. In every place, young people and parents would be able to see that progression through an accessible educational routes map linking choices at fourteen, sixteen and eighteen to real local opportunities.

499. Experience of working life would move from something too often determined by parents' professional networks to a normal part of education. Work exposure would begin early and deepen as young people approach the labour market, with stronger brokerage for those whose families have fewer connections.

500. Work readiness would cease to be an imprecise aspiration. By the age of sixteen, the system would be expected to know whether a young person has the foundations, experience and secure next step needed to participate successfully. Schools would remain judged on attainment alongside participation, preparation and destinations.

501. FE will be recognised as the principal technical and transition institution, able to re-engage young people during the year, deliver the pre-apprenticeship bridge and connect learning much more directly to employers and skilled work. As FE expands, college funding would become more dependent on outcomes achieved than places provided.

502. A recognised pre-apprenticeship route would fill the gap before full work-based learning. Youth apprenticeship achievements should have doubled. The balance of public support should move more strongly towards young people and first opportunities, while completion and sustained progression improve alongside starts.

503. Over the longer term, the sharp divide at age sixteen would give way to a more coherent 14 to 19 journey sitting inside a wider participation system with a new assessment and curriculum system attuned to the modern world.

504. Higher technical learning should also become a normal part of the tertiary landscape, with stronger level 4 and 5 participation and easier movement between FE, apprenticeships, higher education and work. Universities, like schools and colleges, would be judged by destinations and outcomes and not just qualifications.

505. The reforms will work over different timescales. Early years and school reform reduce the future flow into NEET. Better transitions and work exposure impact the next cohort more quickly. Further education and apprenticeship expansion address young adults already outside learning and work. Britain has to both prevent the next generation becoming detached and help the present generation back. The fiscal priorities should reflect that distinction, with apprenticeship and further education expansion having first call on substantial new investment.

4.7 Conclusions

506. The test of these reforms is not how many programmes government creates. It is whether fewer young people fall out of education and work, whether those who do are brought back more quickly and whether more young people make a successful transition into adult working life.

507. Education cannot achieve that on its own, but it has to provide the foundations on which everything else is built: secure literacy and numeracy, confidence, curiosity, strong relationships, practical and technical capability, experience of the world beyond school and a clear route into what comes next. Employers then have to create opportunities and work with schools, colleges and universities to build stronger routes from education into work. The responsibility of the education system is to make sure young people reach that point equipped to take those opportunities when they come.

508. The world young people are entering will continue to change. Artificial intelligence will transform jobs, create new occupations and change the skills that employers value. Government cannot know precisely what the labour market will look like in twenty years' time, nor should an education system try to train young people narrowly for jobs that may themselves change or disappear. The best way to future-proof the next generation is to give them strong foundations, technical and digital capability, the confidence to apply knowledge, solve problems and work with others, and the ability to keep learning throughout their lives. In a world where technology will continue to move faster, adaptability itself will become one of the most important capabilities we can give young people.

509. Education should be the strongest bridge between childhood and adult working life. For too many young people today, that bridge is not strong enough. The reforms proposed here would strengthen it, giving young people the knowledge, skills and

aptitudes they need to make a successful transition into work and to adapt as the world around them changes.

Chapter 5: Health: The foundation to participation

5.1 Poor health is pulling too many young people out of participation

510. Health is no longer a background factor in youth disengagement: it is central. Disability rates among NEET young people have more than doubled in the past 15 years while over half of NEET 16 to 24 year-olds now self-report a health condition.[389] Nearly three in ten (28.4 per cent) of all NEET young people report disability or ill health as the primary reason for not being in education, training or employment, with poor health a secondary factor for many more. [390]

511. The youth participation crisis has not been driven by all health conditions equally. It has shifted from being predominantly defined by physical health conditions to being increasingly defined by mental health and neurodevelopmental needs. Between 2011 and 2025, the proportion of disabled NEET young people citing mental health as their main health concern almost doubled, from 24.3 per cent to 42.6 per cent. [391]

512. This does not make physical health irrelevant - non-participation is a multifaceted problem. Musculoskeletal conditions, obesity, diabetes and asthma are all implicated as are alcohol and drug dependence and addiction. It does, however, mean that mental health concerns and neurodevelopmental conditions are at the heart of both the higher number of young people who are NEET or at risk of becoming NEET.[392] I In particular, there has been a sharp rise in the number of young people presenting with low to moderate mental health and neurodevelopmental needs – depression and anxiety (23.8 per cent of disabled NEETs), autism (22.7 per cent of disabled NEETs) and mental illness or other nervous disorders (15.7 per cent of disabled NEETs).[393] The proportion of NEETs reporting learning difficulties or autism as their primary condition has risen from 7.7 per cent to 12.3 per cent since 2021. [394]

513. There has been much debate about whether this epidemic is real or whether it is being driven by over-diagnosis. Professor Peter Fonagy in his recent report, which is the most comprehensive and up-to-date analysis of the evidence, largely rejects the term “overdiagnosis” because it implies that problems are not real. Mental distress has increased and the prevalence of common mental health conditions, particularly anxiety and depression, has risen significantly – for all age groups but particularly for children and young people. The disruption and impact of COVID-19 was significant, but the growth pre-dated the pandemic, driven by factors such as an increased sense of insecurity, the rise of toxic social media, a decreased sense of belonging and increased sense of loneliness. Functional

impairment has also increased, which has an impact on their ability to participate and thrive in school, work and their daily lives. [395]

514. Nonetheless the analysis suggests that the actual prevalence of neurodevelopmental conditions like ADHD and autism is largely flat but diagnosis has risen markedly. Fonagy concludes that "if present trends continue we are clearly entering a phase in which the balance of risks is changing, from previous merited concerns with under recognition and underdiagnosis, towards an increased risk of misdiagnosis and overdiagnosis". His conclusion is that "the problem is a system that leans too heavily on diagnosis as the route to help and cannot keep pace."[396]

515. The central failure is not simply that more young people are becoming unwell. It is that the health system too often intervenes after poor health has already turned into economic detachment. Britain has built a service designed to diagnose and treat illness. It needs to intervene earlier.

516. The way the health system works makes diagnosis all too often a gateway into the welfare system rather than a route to support. Rather than helping young people access help quickly to enable them into employment or education, the diagnose-wait-treat model results in too many waiting and not working. Once they are in the benefits system it becomes hard to get out. Poor health or mental well-being should not become a one-way route out of education and work. Yet for too many young people that is what happens: a problem begins, attendance or employment becomes harder, support is slow to arrive, and the young person gradually becomes detached. A system that is better organised to record a young person's absence than restore their participation has got its priorities wrong.

517. The design of the health and welfare systems mutually reinforce in failing to produce what young people need: help to learn or earn. This is despite the fact that youth non-participation has a scarring effect on both future health and economic prospects, throughout the whole of a person's life. A recent UCL longitudinal study followed people from the Generation X cohort from ages 16 to 24 into their early 50s. It showed that people who were persistently NEET between 16 and 24 were six times as likely to be out of work at age 51, and three times as likely to report poor health at age 51.[397] The flipside is an excellent evidence base showing that good work is good for health. A 2026 study of 49 systematic reviews found that employment was nearly universally associated with favourable physical and mental health outcomes. [398] Beyond the financial and social benefits, work gives people purpose and meaning.

518. If unemployment and poor health exist in a vicious cycle, then the opportunity is to create a virtuous one, where work and health mutually support flourishing young lives. The Fonagy Review argues that "increasing participation in relationships,

education, work, family and community life should be a central outcome and measure of success. These are core pillars of good mental health and wellbeing, the vast majority of individuals with mental health and neurodevelopmental conditions want to work and go to school and are able to, if given appropriate support and reasonable adjustments. The NHS needs to work with other public services to recognise the importance of engagement in education and work for good health and their role in providing timely and comprehensive informed support to help people to participate." [399]

> "When you don't have the right labels to support yourself, it can be really difficult to even know where to start when looking for support."[400] – *Participant from youth panel workshops, Young People and Work Report.*

519. Yet the NHS does not view labour market participation of young people as a core health outcome and, worse than that, all too often the way it works undermines participation. That has to change. The objective is not to make young people work when they are too ill to do so. It is to stop manageable health and wellbeing problems becoming permanent exclusion from adult life. That requires a different test of success for health services. Treatment remains fundamental, but it is not enough simply to diagnose a condition, deliver an appointment or discharge a patient. Participation should become a core health outcome.

520. The Fonagy Review rightly concludes that "incremental fixes" will not do the trick. Instead, "what is needed is a new model of care and radical reform."[401] It is time for a fundamental reset. That is what this Report advocates.

What has gone wrong: The status quo is failing to respond to the challenge

The NHS doesn't do nearly enough to prioritise and drive forward participation

521. The Beveridge Report, which laid the foundations for the modern British welfare state, justified universal healthcare in large part on the basis that it would support the country's labour market, reducing both the number of people in receipt of benefits and the duration for which they needed welfare support. [402] That was central to the theory underpinning the creation of the NHS. In practice it has not happened. There are currently 2.8 million people economically inactive reportedly due to health conditions. [403] But the NHS lacks targets, financial incentives or hard accountabilities that speak to its role in economic participation. As the 10-Year Health Plan put it: "keeping people in work is too rarely an explicit and intended outcome for the NHS".[404]

The way it operates leads to less work and more welfare

522. The fit note regime is a case study in the NHS' failure to take participation seriously. It is the point where the NHS first encounters a large number of people whose health is putting their employment at risk. Yet, instead of taking the opportunity to understand what would help keep someone in work, including by preventing their needs from worsening over time, the system overwhelmingly signs people off work: 93 per cent of electronic fit notes issued in GP practices in England in 2025 were 'not fit for work'. [405] In 2025, 9.2 million sickness absence days are lost for 16 to 24 year-olds, equivalent to more than 36,000 full-time working years.[406] The fit note is an entry key to the welfare system. Typically, the fit note system operates in binary terms: fit or unfit, in or out, present or absent. Yet what many young people describe is not permanent incapacity, but variability. Many can study or work on some days but struggle on others. A "not fit for work" note for an 18 year-old who has never worked does not pause a career. It prevents one from starting. This needs fundamental reform. The State is too quick to certify absence and too slow to organise support.

The mental health model is episodic and reactive, not predictive or preventive

523. The NHS was designed around episodic care for the acute conditions that defined health needs in the twentieth century: symptoms emerge, a person seeks help, diagnosis and treatment follow, and the patient is discharged. This model is poorly suited to the mental health and wellbeing needs that now undermine youth participation. These needs are widespread and often emerge gradually. The health service is not equipped to support a third of the population with mental wellbeing concerns. Waiting for people to seek help means intervening too late for some. A more proactive model should identify, predict and prevent escalating need, providing earlier support. Rising anxiety and depression have increased demand for help that does not always require specialist treatment, but which the current system struggles to offer.

524. For some young people an assessment, diagnosis, therapy and medication are a clinical necessity. But for many others, this approach medicalises distress when that could be treated far more quickly, cheaply and effectively with earlier, lower-intensity support: from social prescription to digital therapeutics, to a meaningful conversation with a trusted, trained practitioner.

525. A lack of wraparound support in non-clinical settings, homes, schools, family hubs, youth centres, means people's needs often worsen substantially during a wait for a formal diagnosis and medical treatment. It is in this period that many people drop out of education, training or work.

> "I feel like if you diagnose people but then don't help them to actually pursue education or, like, make a living or whatever, then sometimes that can become internalised. If you're saying that someone's not gonna achieve something, they're gonna internalise that because everyone's saying that."[407]
> *- Participant from youth panel workshops, Young People and Work Report.*

The focus on diagnosis has created a distorted market

526. Diagnosis can be enormously valuable. A correct diagnosis can be life-changing, helping someone access the right treatment or support they previously could not get. But in too many places, diagnosis has, inappropriately, become the key that unlocks help. That has created pressure on people to seek a diagnosis and has driven the growth of a private market, paid for largely by the NHS and sometimes by individuals, that is all too willing to provide a positive diagnosis. Anecdotal evidence suggests some providers have extremely high assessment-to-diagnosis conversion rates, with the overwhelming majority of cases receiving a positive assessment. The business model is essentially cash for diagnosis, often completely devoid of treatment that might help someone turn that diagnosis into better outcomes.

527. Independent providers now carry out more than half of all NHS-funded ADHD assessments and more than a third of autism assessments. Spending on independent-sector ADHD provision has risen by around 252 per cent in three years, with a projected overspend of £164 million [408]. The result is a system that fails at both ends. Some people who need a diagnosis cannot get one; others receive a diagnosis when they do not meet the appropriate threshold, or when they should not get one. This matters because a diagnosis is not just a label. It can shape how a young person understands themselves and what they believe they are capable of. Used well, it can provide explanation, confidence and access to support. Used badly, it can become limiting, defining someone by what they cannot do rather than what they could. [409]

A one-size-fits-all model of care is not aligned to varied and fluctuating need

528. The current system treats mental health and neurodevelopmental needs as more fixed and categorical than they are. Diagnosis is binary: someone either meets the criteria or they do not. But distress, symptoms and functional impairment exist on a spectrum, fluctuate over time and can change with circumstances. A young person may need intensive support at one point and little or none later. The system needs to respond to that variation and currently, it does not. The same problem applies to severity. Professor Fonagy's analysis describes a spectrum of need with a large population of young people with mild or emerging needs alongside smaller groups with moderate, more complex and higher-risk needs. Among 0 to 25 year-olds, Fonagy estimates that around 1.7 to 1.9 million have mild or emerging needs,

1.2 to 1.4 million have moderate needs, 1.0 to 1.1 million have severe or complex needs, and 140,000 to 200,000 have very severe or high-risk needs.[410] Young people with lower-level needs can be left to deteriorate because they are not unwell or their mental wellbeing needs are not significant enough to qualify for help, while specialist services face growing demand from people whose needs could have been met earlier and differently. Those with the most severe needs and highest risk are then left competing for scarce specialist capacity. Support should instead be needs-led and proportionate, allowing young people to receive help before they reach a diagnostic threshold, step up when their needs increase and step down when intensive intervention is no longer required.

Access is too slow

529. Many young people experiencing mental health conditions or with neurodevelopmental needs find it too hard to access support at all, and many have long waits for care. The inability to differentiate between different levels and types of need has created a significant bottleneck in access to mental health support. For many people their first port of call is the GP, who typically channels them into a medical model which was built to provide care for people with more severe and complex mental illness rather than providing wider social support for housing, employment and relationships. The rapid growth in people with a wide range of needs being channelled into a traditional specialist service for mental illness means referrals often come with a very long wait. Yet waiting time targets, which exist for physical health conditions, are entirely absent for mental health services. Median waits for CAMHS range from over 100 days in some ICBs to six days in others.[411] The median waiting time for an autism assessment for 0 to 17 year-olds is almost 600 days, a fivefold increase since 2019. [412] Children from the least deprived areas in England are 1.6 times more likely to have their referrals to CAMHS accepted than children from the most deprived areas.[413] Young people from ethnic minority backgrounds are less likely to access mental health support early and more likely to come to services in crisis, when needs are more acute and may present greater barriers to education, employment and wider participation.[414] As thresholds have risen, it often seems the only way to become eligible for more help is to become more unwell. This approach has undermined the health service's ability to deliver effectively for anyone. People experiencing mental distress that affects their participation get bounced around, excluded from support by diagnostically-driven eligibility criteria. People with low-to-moderate needs, who typically don't need the specialist services provided by CAMHS, are often left to decline – or to fall out of work, – while waiting for overly intensive or medical interventions, when a low-intensity intervention could have met their needs far more quickly and cheaply. People with the most severe needs, who need specialist services most of all, are crowded out and left to rely on crisis and emergency

services. The result is a system that is simultaneously too intensive for some needs and too inaccessible for others.

The NHS operates in its own silo

530. Improving youth participation requires co-operation across services, but too often the NHS stands alone. Despite multiple efforts at a local level to bring it alongside other public agencies, integration across health, education, employment and wider local systems remains partial and inconsistent. Lines of accountability for achieving better participation outcomes are unclear and weak. Data is rarely shared across silos and geographic boundaries between health, education and local government do not align. No single institution holds a complete picture of a young person's journey. There is little evidence of systematic NHS engagement with employers on workplace adjustments, phased returns or supported employment for young people with health conditions. If participation in work is to become a health outcome, the health system needs to understand the labour market it is trying to return young people to. The NHS must be part of the participation system, not a separate service alongside it.

The NHS does not do nearly enough as an employer to support participation

531. An NHS that genuinely prioritised youth participation would not just build pathways that meet young people's mental health and neurodevelopmental needs, – it would use its status as the country's biggest and most geographically diverse employer to offer people jobs, apprenticeships, training, interview practice or work placements as a core part of what it does. The diversity of the NHS workforce is a point of pride, but, the level of reliance on international pathways, – including from red-list countries, at a time of global workforce shortages, – shows a failure to prioritise domestic recruitment and provide local employment opportunity. This is particularly the case because in those parts of the country where NEET rates are highest, the NHS is often the biggest employer. While recruitment from overseas should continue to make an important contribution to the NHS workforce, over the longer term, NHS employers should be developing workforce supply strategies that reduce reliance on international recruitment by strengthening domestic and local talent pipelines.

5.2 What the evidence shows: health and employment support must come together

532. The most important lesson from other countries is straightforward: health and employment support work better when they are organised together. Countries with

lower rates of youth detachment tend to intervene earlier, integrate health and employment support more effectively, and maintain clearer routes back into education and work. The lesson is not that Britain should import another country's institutions wholesale. It is that fragmented support produces fragmented outcomes.

Integrated approaches lead to lower NEET rates

533. The OECD notes that countries with high NEET rates share common features: weak coordination between employment and health services; limited access to vocational guidance; and inadequate support at educational transition points.[415] By contrast, in countries with persistently low youth NEET rates, the common pattern is a "whole-system approach" that includes early risk spotting, joined-up support on health and capability, and clear metrics for success built around work and education. Norway, for example, integrates employment, benefits and wider health support through its Norwegian Labour and Welfare Administration system.[416] Integrated systems also provide tailored support for groups facing additional barriers, including disabled and SEND young people, through approaches such as Austria's Network for Vocational Assistance and Ireland's disability strategy.[417]

Employment and health support must be seamless

534. International evidence, in particular, suggests that integrating vocational support with health services can materially improve participation outcomes for young people whose health is affecting their ability to work or study. This is especially true for mental health. The strongest international evidence comes from Denmark. Through the IBBIS programme, employment support and mental health treatment are delivered in a coordinated way, rather than through separate health and welfare systems operating in parallel.[418,419] While Denmark's municipality-led employment system differs from England's institutional arrangements, the underlying principle is directly relevant: people with mental health needs achieve better outcomes when employment and health services work together around a single plan rather than requiring individuals to navigate fragmented services.

535. There is growing international evidence for supported employment approaches based on Individual Placement and Support (IPS). Evidence from both Norway and Sweden suggests that supported employment models achieve better employment outcomes for young adults aged 25 to 29 with reduced work capacity than more traditional vocational rehabilitation programmes.[420,421] This is consistent with the substantial international evidence base for IPS, which increasingly shows positive effects across a range of mental health conditions and other barriers to participation. This reinforces a wider lesson: support that focuses on participation,

functional recovery and connection to work can be as important as clinical treatment alone.

Youth-focused models work

536. Australia provides one of the strongest international examples of a youth-focused model that combines mental health and participation support. Its network of Headspace centres brings together mental health, alcohol and drug services, vocational support and wider wellbeing support through a single access point designed specifically for young people. Alongside this, randomised controlled trials of IPS for young people experiencing first-episode psychosis have demonstrated significant improvements in employment and educational participation outcomes.[422,423] Australia demonstrates the value of designing services around young people's lives rather than around organisational boundaries, ensuring that support for health, learning and work is available through a single, coordinated pathway.

537. The evidence we have come across from a number of countries collectively points in the same direction. The most effective systems do not separate health support from participation support. They combine early intervention, integrated delivery and a clear expectation that young people should be supported to remain engaged in education, training and work wherever possible. That principle should sit at the heart of a reformed model. Systems deliver the best results when responsibility is organised around the person, not around the institution.

Current government policy is moving in the right direction

538. Recent policy developments are creating the foundations for a more cohesive approach to health, participation and growth. The Ten Year Health Plan for England set out how work, health and skills systems could be joined up to address the multiple complex challenges that often stop people finding and staying in work.[424] West Yorkshire, South Yorkshire and North-East & North Cumbria ICBs are already commissioning integrated provision to improve people's outcomes through the NHS Health and Growth Accelerators programme.[425] For the first time the NHS is being tasked with improving employment outcomes. These are welcome developments.

539. The Ten Year Health Plan also promotes NHS labour-market measures: reorienting recruitment away from international hiring toward local communities and supporting unemployed and economically inactive people into NHS roles, as well as expanded apprenticeships.[426]

540. Facilitating closer working between the NHS and local decision makers and communities is a key enabler of this more integrated approach. The NHS's new Strategic Commissioning Framework set expectations of ICBs, responsible for

assessing population needs, setting long-term priorities, and purchasing services to improve health, reduce inequalities and address wider determinants of health such as employment and wellbeing.

541. The English Devolution and Community Empowerment Act 2026 confers a health duty on strategic authority mayors, building on health devolution trials in Greater Manchester and South Yorkshire, where ICB chairs are working alongside mayors as health commissioners responsible for primary prevention. This is a shift in local health decision-making out of Whitehall. The rationale explicitly links this to economic growth: strategic authorities are expected to publish health inequalities strategies and integrate health into local growth plans, since poor health limits labour-market participation.

542. The health system has made important progress over recent decades. Peter Fonagys report outlines how mental health provision has expanded, stigma has fallen for some groups and improved mental health literacy has encouraged more people to seek support. Clinical understanding and recognition have also improved, particularly for groups historically overlooked by services, including girls and young women with ADHD and autism. [427]

543. Progress in children and young people's mental health provides a strong foundation for further reform. Mental Health Support Teams (MHSTs) now cover 60 per cent of pupils and further education learners in England, with funding secured to achieve full national coverage by the end of 2029.[428] The Government has also recruited thousands more mental health professionals to meet its commitment to grow the workforce. Plans for 50 Young Futures Hubs and investment in 24 Early Support Hubs will further expand mental health support in local communities.[429]

544. These reforms are important foundations. But they do not yet add up to a participation system. Health, employment, education and local government still operate too often as separate services with separate accountabilities. The next stage of reform is to make those foundations work as one.

5.3 A new mental health model of care

545. The current diagnose-wait-treat model plunges too many young people into the benefits system rather than helping them into the labour market. The mental health care model needs to move from being reactive and diagnosis-led to being proactive and needs-led. Dealing with the scale of the dual health and participation crisis depends on a total rewiring of our approach to young people's mental health and neurodevelopmental needs. That reset should be based on systematically addressing the faultlines identified earlier.

546. Support shouldn't always depend on a diagnosis. Young people should be able to access appropriate practical support quickly when a mental wellbeing concern, a mental health challenge or a neurodevelopmental need becomes apparent, without having to wait for a formal diagnosis. The GP, alongside other trusted professionals and services, should remain an important point of entry to care, especially for people with more severe and enduring needs. But most support – including digital support – should be signposted and available without the need for GP referral including through schools and employers.

547. The NHS should make digital mental health care the norm so more young people can access and navigate their care. Digital services are already the main way that many young people seek information and support and will only become more so in the future. The NHS App is already widely used with 28.3m people logging on in the year to July 2026. [430] A digital service will speed up access to support for lower intensity needs while providing personal interactions for those who need it.

548. Support should be more diverse, reflecting the increasingly varied needs of young people. There should be a gradation of support available according to severity of need, with no wrong front door. Wherever young people enter the system, they should have access to universal digital advice, information, navigation and self-directed support. Where more help is needed, it should be non-clinical, low-intensity and preventative wherever possible, with earlier and more proactive intervention helping young people build the foundations for good mental wellbeing. Support should be available in everyday locations like schools, workplaces and high streets, rather than being the preserve of clinical settings. That will require the NHS to stop seeing the answer to every question as a clinical service and instead work with others to improve health, participation and wider outcomes. Those with more severe conditions should then have access to freed-up capacity in specialist services.

549. The NHS, rather than sitting on the sidelines as a spectator, should become a fully-fledged player in helping to pro-actively deliver a suite of services to enable more young people into earning or learning. Achieving that means mental health services that are currently siloed and separated from employment support must become more integrated. In particular, services to provide practical help to young people with mental health and neurodevelopmental conditions should sit at the heart of the support provided through the Youth Opportunity Service.

550. Labour market participation should become integral to what the NHS does. It should become a new objective for the health service. That will require changes in how local health services are measured, incentivised and structured. It will also mean a new focus on the way the NHS – and social care – uses its muscle as an employer to provide new opportunities for young people.

551. The rest of this chapter applies these principles to build a fundamentally different model of support for young people, both those who are currently NEET and those who are at risk of becoming so in the future.

552. One is a question of attuning services to tackle unmet need among those who have already been failed and are NEET. The other is a question of delivering a care model that prevents those failures being repeated again in the future. Without prevention, we will simply keep dealing with the consequences after the damage has been done. New approaches are needed for both.

Helping young people back to health and into work

553. For young people who are already NEET, the Youth Opportunity Service (YOS) will provide a direct route into health and participation support. There will be a range of health support available through the YOS, covering both physical and mental health needs. The participation principle should apply across health. Physical illness, chronic pain, obesity, respiratory conditions, addiction and other long-term conditions can also interrupt education and work. In particular rapid access to needs-based mental health support will sit at the core of what the YOS does to enable young people into learning or earning. The mental wellbeing and mental health support services outlined below will be a core part of the Support Guarantee that the YOS will be tasked to help young people access. They will be available to those who are NEET or at risk of becoming so who need them from the outset of their interaction with their local YOS.

554. Of course, many young people who are NEET will not require health support at all. But the necessity to get young people on the path to participation means those who are NEET with health needs and getting support from their local YOS will be prioritised for access to a range of services. This will not override the core principle of the NHS that care should be available according to need, not ability to pay, but it will introduce an additional criterion for determining how long someone waits. Young people who are NEET will be guaranteed fast-track access to services such as vocational rehabilitation, talking therapies and counselling, providing they have a Participation Plan agreed with the YOS. Those services are described in more detail below.

Immediate access to new needs-based help

555. The Fonagy Review advocated a needs-led approach to supporting people with mild to moderate mental health difficulties and neurodevelopmental needs, with support available without requiring a diagnosis. Young people who are NEET receiving help through the YOS will be the first beneficiaries of this new approach. It will be a digital-first service. In other words, the starting point for young people to access help will be via digital channels. If needs cannot be met digitally there will

be a menu of services, escalating according to need, available to them through the YOS.

556. From the first day of their interaction with the YOS, the young person will be assigned an adviser. If the young person has a health need the adviser will immediately point them to digital advice and help them to use it. That help will start immediately rather than waiting for a diagnosis or assessment through a new universal mental health digital front door. Described in sections below, it should be fully up and running within the next year. It will provide a simple, open-access service where a young person can find trusted information and practical support and move quickly to the right help when self-directed support is not enough.

557. Within four weeks the young person will have their own Participation Plan drawn up with their adviser. If they have a health need the Plan will identify how it will be addressed. It will allow their adviser to start turning digital recommendations into practical action: booking an appointment, connecting the young person to an Early Support Hub, arranging vocational rehabilitation.

558. Within three months every young person in the YOS needing practical health support will be guaranteed to be getting it. Digital self-support will be enough for many young people. If it is not, the young person will be offered the right level of increased support, rather than simply being signposted elsewhere. They will be able to access telephone or video support, local community services, psychological therapy, neurodevelopmental assessment. If their needs are more severe they will be referred to specialist mental health services. If immediate risk is identified, the YOS will connect the young person to the appropriate urgent response.

A new digital front door

559. The new mental health digital front door service will be available both online through trusted channels and via the NHS App. No referral or diagnosis will be required to get started. Approved digital interventions, clear connections to human support and more digital support for ADHD and autism assessment pathways will feature. A young person, for example, with anxiety, low mood, stress, sleep or concentration problems could be directed to relevant, evidence-based information, self-management support and practical help, such as NICE-approved digital mental health therapeutics like SilverCloud or Lumi Nova. International examples already point in this direction. Australia's *Medicare Mental Health Check In* offers, referral-free online support for mild mental health needs, combining self-guided low-intensity CBT with optional practitioner support. [431]

560. In addition, NHS Online, the new national-scale digital health provider due to begin seeing patients in 2027, will be available to young people through the YOS.

Currently it is focused on developing services for those with physical health conditions. Going forward, NHS Online should play a transformative role for young people with mental health and neurodevelopmental needs too by providing assessment and support through appropriately qualified NHS clinicians anywhere in England. That would allow specialist capacity to be deployed nationally rather than being constrained by local geography. This should form part of the wider digital navigation and support offer for mental health, rather than operate as a separate digital front door. This model could help tackle long waiting lists, while freeing local services to focus their capacity on those who most need in-person care.

Talking Therapies

561. The YOS will provide young people who could benefit from Talking Therapies with rapid access by video, telephone or online. In 2025/26, 359,000 young people aged 18-25 were referred to Talking Therapies.[432] Support will combine AI tools with input from a Psychological Wellbeing Practitioner. Psychological therapies such as those delivered in Mental Health Support Teams or NHS Talking Therapies have an excellent evidence base. NHS data shows that in March 2026, 48.4 per cent of people participating in NHS Talking Therapies reliably recovered, while 70 per cent either recovered or sustainably improved.[433] Elsewhere, completing therapy was associated with a 1.5 percentage point increase in the likelihood of being in paid employment, rising to 3.1 percentage points for those who were unemployed when they began treatment.[434] For young people the evidence base, although less strong, still suggests that Talking Therapies have a positive impact. There is good and growing evidence that digital talking therapies have similar efficacy for depression and anxiety as in-person therapy, at lower unit cost. In-person options should remain available for those who would benefit from them.

Psychological support and counselling

562. Young people will also have access to a proportionate course of brief, evidence-based in-person psychological interventions or counselling where that is needed. This will include advice and strategies for young people experiencing difficulties associated with possible or diagnosed ADHD or autism, including planning, organisation, managing sensory demands, communication, transitions and everyday functioning. Depending on the young person's needs, support could be delivered by a counsellor, therapist, psychologist, wellbeing practitioner, peer support worker or youth worker, with relevant expertise on neurodevelopmental needs. More tailored support and specialist expertise, including occupational therapy and speech and language therapy, should also be available where needs are more complex, difficulties persist or initial interventions are insufficient. Delivery should build on existing services and shared specialist capacity, rather

than creating new standalone teams or assuming everyone requires an individual assessment.

Vocational rehabilitation

563. Vocational Rehabilitation helps disabled people or people with health conditions to find, keep, or return to meaningful work.[435] As part of the YOS, every young person who needs it should have access to this support. Local vocational rehabilitation services will vary but typically they include help to manage anxiety, memory, concentration and communication in the workplace; support for musculoskeletal conditions; pain and fatigue management; help with sleep. These services aim to improve health, aid functional recovery and enable sustained participation. Support for young people on long-term sick leave who are at risk of being NEET should operate as an integrated component of the YOS, which will join up health, vocational and employment support. Although some will need to be provided by occupational therapists, mental health nurses, physiotherapists and alcohol and drug treatment clinicians, others will be non-clinical and provided by work and health case workers, care coordinators and employment support staff.

Case Study: Bradford Healthy Working Life Programme - Ellie

Ellie, a senior health professional with dyslexia who was also being investigated for ADHD, was signed off work after changes to workplace IT removed tools she relied on to manage her working memory. The resulting pressure led to severe burnout, and Ellie believed she might never be able to work again. Through Bradford Healthy Working Life Programme's Vocational Rehabilitation Service, Ellie received a personalised, work-focused rehabilitation plan and an independent Allied Health Professional assessment. This identified practical reasonable adjustments, supported a phased return and helped her employer understand how her work could be adapted to enable her to return safely and sustainably.

Ellie returned to work on a phased basis, with greater confidence and practical strategies to prevent further burnout. The intervention also prompted wider organisational change: her employer, an NHS Trust, changed its process for staff requesting workplace adjustments, introduced neurodiversity and Equality Act awareness training for managers, and a commitment to considering the impact of future IT changes on staff who rely on assistive tools. As Ellie put it, "The main impact is that I am back in work, and I know I can stay in work. I know why this happened, I know how to stop it happening again and that gives me a lot of confidence. I feel positive in my own abilities. I know now that I'm not the problem".

This story illustrates how timely, personalised vocational rehabilitation can do more than support a return to work. It can help prevent health-related labour market exit and create changes within employers that benefit other workers with health conditions or disabilities.[436]

Individual Placement and Support (IPS)

564. IPS is an evidence-based supported employment model, originally developed for people with severe and enduring mental health conditions.[437] The core approach is a personalised employment goal, a rapid job search, competitive and paid employment, with ongoing individual support to retain that job. Evidence has long shown that IPS improves employment outcomes for people with severe mental illnesses such as schizophrenia and bipolar disorder.[438] Increasingly, evidence also shows that it works for people with common mental health problems, substance-use disorders and alcohol-use disorders. [439] There is emerging evidence that the model works for people with physical health conditions, autism, ADHD, experience of homelessness or experience of the justice system. In short, it is a model that works for the conditions many NEET young people have and should be available through their local YOS.

565. These services should be accessed via existing Mental Health Support Teams, early support hubs, primary care and community provision, while making best use of digital interventions. In addition, the functions currently delivered by Community Work and Health Teams should be embedded within the core YOS model, to provide health-informed vocational support for young people who are off sick from work or at risk of becoming NEET.

566. Delivery should build on existing services with the YOS bringing relevant provision together around participation goals and commissioning additional capacity only where existing services cannot meet identified needs, rather than assuming that new services or teams are always needed. The joint commissioning by strategic authorities and NHS Integrated Care Boards of health services to support the YOS provides the opportunity to create a more coherent menu of services attuned to individual needs. The commissioning objective should be to strengthen prevention and participation and make effective support easier to access for young people who are receiving help through the YOS. The approach builds on the lessons from other countries where health and employment support successfully operate as a single system rather than separate ones. The test of whether the NHS has become a fully integrated local partner in tackling the youth participation crisis will be the number of young people with health needs helped into earning or learning.

A new focus on prevention and early intervention

567. More broadly there is a need to reimagine young people's mental health services. The current care model is not working. Built for people with serious and often enduring mental illness, it too often waits for problems to become sufficiently

serious to trigger a clinical response. By then, a young person may already be struggling at school, withdrawing from friends, losing confidence or falling out of work. If the pipeline of young people at risk of becoming NEET is to be reduced, then needs should be identified earlier and support provided at the level of intensity each young person needs.

568. In 2023/24 ICBs spent just 1.04 per cent of their total spend on young people's mental health. On average they spent 13 times more on adult than on young people's mental health services.[440] The system also puts most resource into treating more severe problems later, rather than providing practical support when difficulties first begin to affect a young person's life. Specialist services account for the largest share of activity and expenditure. At the same time, demand for specialist assessment and treatment continues to grow, including for suspected autism and ADHD. Yet the Fonagy review suggests that population rates of autism, ADHD and severe mental illness have been broadly stable.[441]

569. This care model is increasingly out of step with the pattern of need. Most young people experiencing distress, emerging mental health difficulties or some neurodevelopmental differences will not require specialist clinical intervention. Many need earlier, practical and lower-intensity support to help them stay connected to education, employment, relationships and their communities. Yet this support is less consistently available and is often disconnected from specialist services.

570. It is time to put a new focus on prevention. It should start before a young person has a health need that can be identified or assessed. Integrated neighbourhood services should help families and communities build the foundations for healthy development: supporting good parenting and positive role modelling, helping parents understand and respond to the challenges children face, and giving children and young people the confidence and resilience to cope with the normal anxieties and setbacks of growing up. The aim should be to help young people distinguish normal distress from problems that require more intensive support, and develop the confidence and skills to recover from setbacks. In this respect, neighbourhood health services should build on the philosophy of Sure Start: not simply treating problems when they emerge, but helping families give children the healthy, confident start in life that reduces the risk of problems emerging and becoming entrenched. I say more about this in the earlier Education Chapter.

571. For those young people who need help with their mental wellbeing and mental health, they should be able to access it without navigating complex eligibility criteria or requiring a diagnosis. The new care model that is advocated here should intentionally match the range of young people's needs - what Professor Fonagy codifies as mild, moderate, more complex and severe/high risk - with a graduated

set of services. This new more preventative mental health care model for young people should:

- make support widely available with 'no wrong front door' through a digital-first, open access approach;
- proactively identify both risk and low/moderate needs and provide low intensity, non-clinical support;
- support specialist services with a neighbourhood, multi-disciplinary community care service that is same-day open-access support;
- when specialist services or treatment are needed, be far faster in getting people the help they need, so preventing crisis and A&E attendance.

572. This model escalates care according to need and is closely aligned to the Centre for Mental Health's core principles for reform in their recent Future Minds report – from hospital to community support; from analogue to digital; and from sickness to prevention.[442] It amounts to a fundamental transformation in how mental health support is delivered. It should be applicable both to young people who are already NEET and those at risk of being so.

A digital-first model

573. The approach to prevention should be based on the same underlying philosophy and digital architecture as the support provided through the YOS but be available to young people more generally. It should not rely on diagnosis but instead be available digitally 24/7 to allow a young person to access advice, information, navigation and immediate support.

574. This digital open access model should be complemented by much more proactive identification of need. Advances in AI and predictive analytics make it easier to identify the risk of a young person developing health and participation challenges well in advance. The NHS should explore how it can use the Single Patient Record to identify young people at risk of developing mental health needs (or disengaging from school) and consider whether an earlier offer of support may be appropriate. For someone at low or moderate risk, that might mean a simple digital intervention or prompt to seek help. For someone at higher risk, it might mean a proactive community response involving health, education and other local services. Need would be established through digital triage, supported by clinical oversight. Predictive tools should support professional judgement, not make decisions about treatment, diagnosis or participation on a young person's behalf – as children's charity Barnardo's has recently recommended, these should be complements rather than replacements for human support.[443] This digitally enabled approach should be the default for immediate help for those who need little intervention,

while making it possible to concentrate scarce clinical and human capacity on those who need it most.

From digital support to practical, non-clinical support

575. For many young people, early identification and digital support may reveal mild-to-moderate needs that require more than just information but do not require clinical treatment. The next step on the support escalator should therefore usually be practical, preventative and non-clinical support. The NHS should not assume that every problem requires an NHS service. Its role should be to make sure that young people can access the intervention most likely to improve their health, wellbeing and participation, wherever that intervention is delivered. This could include support delivered through schools and colleges (for example, help to navigate bullying), workplaces (for example, help with workplace adjustments) or community organisations (for example, help to access volunteering programmes). Many of these interventions should themselves be delivered digitally.

576. This represents a significant change in the role of the NHS. Its job should not always be to deliver the intervention itself. That means ICBs should act as coordinators and conductors of local provision: understanding population need, mapping existing assets and providers, identifying gaps and commissioning the combination of NHS and non-NHS services required to achieve better outcomes. The test should be simple: 'What intervention gives this young person the best chance of staying healthy and participating?' Not, 'Which NHS service can we offer them?'

Integrated neighbourhood support

577. Some young people will need more than preventative and low-intensity interventions – the next step up on the support escalator should be integrated neighbourhood care. The purpose should be to prevent deterioration, avoid unnecessary referral into specialist services and reduce reliance on emergency care. Core infrastructure should include integrated neighbourhood teams, combining primary care leadership with much of the day-to-day support delivered by mental health workers, youth workers, counsellors, crisis teams and peer experts. Social prescribing should become a core service to provide young people with access to activities and groups that support wellbeing, confidence, belonging and participation, including through sport, creative arts, volunteering, peer support and other community-based opportunities.

Case Study: Centre 33 Early Support Hubs, Cambridgeshire and Peterborough

Centre 33 has purposefully designed a dynamic service offer that addresses health inequalities and the reality of young people's needs. Their open

access, drop-in offer is particularly effective at engaging young people who are often least likely to access traditional services. Relative to the local area, the drop-ins reach disproportionately higher numbers of young people with disabilities (58 per cent), LGBTQ+ young people (27 per cent), living in supported or precarious housing (15 per cent) and those from ethnic minority backgrounds (31 per cent).

Established in 1981, Centre 33 now operates five Early Support Hubs across Cambridgeshire and Peterborough, supporting around 4,000 young people every year, including through their self-referral, open-access model. Centre 33's services provide integrated support for mental health, wellbeing, caring roles, education, employment, housing, finances and wider life challenges. Their holistic support model recognises that young people rarely present with a single issue and addresses the factors that can prevent participation in education, employment or training. On average, young people accessing Centre 33 present with six interconnected needs, while 67 per cent present with both practical and mental health needs.

In 2025, 15 per cent of young people using the drop-in service were not in education, employment or training (NEET), compared with 2 per cent of those accessing via a statutory referral route, demonstrating the value of flexible, self-referral support in overcoming barriers to access. Young people who were NEET and accessed Centre 33's drop-in service presented with higher rates of self-harm, isolation, and trauma alongside other needs such as food or fuel poverty and housing insecurity, showing how NEET status is associated with a particularly concentrated pattern of emotional distress, practical needs, and structural pressures.

Outcomes at Centre 33 are encouraging. On average, around sixty per cent of young people accessing open-access support show improved mental health outcomes, while 97 per cent report feeling listened to and 94 per cent feel their concerns were taken seriously. Young people consistently highlight the importance of having a welcoming, flexible service that provides support, including while waiting for specialist interventions, and allows them to return whenever they need help.[444]

578. Over the course of this Parliament, Early Support Hubs should be expanded to ensure at least one is in each of England's upper-tier local authorities. In schools and colleges, high-intensity Mental Health Support Teams (MHST) should become the norm and provide a further level of evidence-based psychological support for young people with moderate to more complex needs who do not require specialist CAMHS. Building on the existing MHST model, they should operate across schools and colleges, with outreach into Early Support Hubs, universities and other community settings for young people who are NEET or aged 16 to 25.

Improved access to specialist care

579. Specialist services are currently being asked to absorb too much undifferentiated need, limiting their capacity to provide timely treatment for those who need it most. As of March 2026, almost a quarter of a million children and young people referred for mental health support were still waiting for a first contact, with median CAMHS waits exceeding 18 months in some parts of the country.[445, 446] Many of these children and young people could have been better served by immediate access to a wider range of support services as described above.

580. Despite significant expansion of services over recent years, substantial unwarranted variation remains in access, productivity and outcomes. The highest-performing providers deliver around twice the number of contacts per clinician as the national average, while children and young people from the most deprived communities are around twice as likely to have referrals rejected as those from the least deprived areas.

581. Variation also exists in access to evidence-based interventions and outcome measurement, limiting opportunities to improve quality and effectiveness. At the same time, demand is increasingly presenting in crisis. Between 2019 and 2025, the number of children and young people attending emergency departments with a mental health concern increased by 36 per cent, while the number waiting more than 12 hours in A&E rose by 217 per cent, highlighting mounting pressure on crisis care services.[447] Specialist services should be reformed to reduce unwarranted variation and improve productivity through greater operational and clinical consistency, informed by quality improvement and Getting It Right First Time (GIRFT) methodologies.[448]

582. Together, these changes would create a more preventative and responsive system, helping more young people access support earlier while reducing pressure on specialist services. We estimate that earlier intervention and preventative services could support up to 930,000 more young people over five years, with many more accessing advice and support through digital channels. [449] Alongside specialist service reform, this could release up to a quarter of existing CAMHS workforce capacity for redeployment into community settings, enabling faster access to high-intensity support for children and young people with moderate to severe needs.[450]

A new maximum waiting time target

583. In other parts of the health service, national standards - combined with accountability, transparency and data - have been key to improving performance and reducing variation in how local services perform. That approach has been particularly successful in improving waiting times for acute services. The same

operating model has not always been applied to improving mental health services. It is time to change that.

584. The Department of Health and Social Care should use its forthcoming Mental Health Strategy to introduce national maximum waiting-time standards for CAMHS, covering referral to assessment and referral to the start of treatment or other meaningful support. The new waiting time standards should be introduced by 2028 but earlier action should begin immediately to eliminate the longest existing waits. Waiting-time performance and the experience of young people and families while waiting should be monitored and published nationally, with appropriate support available during the waiting period.

A new value-based approach to care

585. A preventative model will have failed if new services are simply added on top of the old ones. These major reforms must also be about what the NHS stops doing. The health service is institutionally much better at starting, expanding or protecting services than it is at stopping activity that no longer represents good value or good care. A new value-based approach should sit at the heart of the reform programme to ensure that costs are assessed against outcomes. As my Interim Report highlighted, the oft-cited argument that mental health care is the Cinderella service in the NHS is undermined by compelling data demonstrating huge variations in performance and efficiency. Prevention will fail fiscally if it simply becomes another layer of spending on top of everything the NHS already does. Earlier support has to prevent avoidable crisis and free specialist capacity for those who genuinely need it. The test is not whether the NHS provides more activity. It is whether it produces better health and participation outcomes at lower long-term cost.

586. First, preventative interventions should be able to substitute for avoidable medical intervention, rather than becoming an additional layer of activity. Social prescribing, for example, should exist in part to prevent the need for more intensive clinical intervention.

587. Second, use of the most expensive entry points should fall. If the new model is working, fewer young people should reach crisis point and fewer should be referred to specialist services or seek help through emergency departments.

588. Third, gatekeeping should reduce. A digitally enabled model should remove many of the GP appointments currently required simply to navigate the system. It should also reduce the number of young people referred to specialist services like CAMHS, only to be rejected because they do not meet the threshold.

589. ICBs should be expected to shift spending towards earlier support where it delivers better outcomes. Providers with persistently high emergency use, long waits or rejected referrals should be required to improve. Prevention will only become real

when money and accountability move with it. Maximising value will require active, strategic commissioning by ICBs, using contractual levers to shift expenditure towards prevention and outcomes. Where appropriate, this should include activity limits on services or interventions that the new model is explicitly intended to reduce. The NHS performance management system at a regional and national level will need to reinforce this new value-based approach.

590. The objective is not to build a bigger version of the system we have today. It is to build a different system: one that identifies need earlier, provides the least intensive effective support first, brings human help closer to where young people live and participate, and reserves specialist NHS capacity for those who need it most.

591. For young people already NEET, the YOS will provide a route back to health and participation. For those at risk, the same model will intervene earlier to prevent them falling out of learning or earning. And for those with severe needs, a more effective specialist service will provide faster, higher-quality care. The result should be a health system that helps more young people stay healthy, stay in education and work, and build a healthy and fulfilling adult life.

5.4 A system architecture to enable the new model

592. The changes to the care model outlined in this chapter represent a significant change in how the NHS operates. They prioritise mental health in a health service predominantly designed around physical health conditions. They prioritise prevention in a health service that has traditionally prioritised treatment. They are proactive and personalised in a health service that is often reactive and one-size-fits-all. They are digitally enabled and empowering of individuals in a health service that is mainly analogue and paternalistic. They move the NHS beyond the current diagnose-wait-treat model to one where early assessment and access become the priority. They point the NHS towards participation and outcomes, rather than activity being the yardstick against which performance is judged. If participation matters, it has to count. The care model described above requires a different operating model for the NHS: one that gives more weight to prevention, responds to need rather than diagnosis alone, and judges success partly by whether young people are able to earn or learn.

593. None of this will happen through exhortation alone. Accountability, funding, data and incentives have to change with it. ICBs need clear responsibility for the health contribution to youth participation; local health and government leaders need mechanisms to act together; and national policy needs to reward better outcomes rather than simply more activity.

ICBs should be accountable for youth participation as a health outcome

594. Since youth participation is influenced by employment, education, skills, welfare and health, MSAs and other parts of local government should have overall accountability for NEET outcomes. But the local health service has a critical role in removing health-related barriers to participation. Most importantly, youth participation should be incorporated into the frameworks that actually shape NHS behaviour. Building on the Health and Growth Accelerator model – which has made reducing health-related economic inactivity a formal target for three ICBs – reductions in NEET rates against local trajectories should become a formal objective for every ICB. [451] From 2027, every ICB should have an explicit responsibility to reduce health-related non-participation among young people in its area. That responsibility should be reflected in NHS planning guidance, incorporated into the NHS Oversight Framework and reported publicly.

595. ICBs will be involved in drawing up the local MSA-led Area Youth Participation Plan through which MSAs and local authorities agree outcome targets and plans to deliver them are agreed. Each ICB and strategic authority should agree, through the Plan, what improvement in health-related youth participation they expect to achieve and what the health service will do to deliver it. The procurement of those services should be jointly agreed between the ICB and the strategic authority. These changes should be underpinned by a new legal requirement being placed on ICBs to work with MSAs, local government, the third sector and other local agencies to increase youth participation and in doing so ensure that provision of services for young people is properly integrated. There are a number of options for how this requirement could be set out – including through new legislation (e.g. placing a new duty on ICBs) or using new Secretary of State powers of direction expected to be included in the Health Bill currently being considered by Parliament.

596. Where performance is persistently poor, there should be consequences. The NHS already performance-manages organisations against priorities such as waiting times, access and quality. Health-related youth participation should be treated in the same way. ICBs and providers should be expected to explain poor performance, produce an improvement plan and, where necessary, face intervention. If we want the NHS to treat participation seriously, participation has to count in the way the NHS itself is judged.

New governance arrangements

597. Wider changes to governance, funding and planning will also be needed to facilitate a deeper shift in how the NHS works with its local partners.

598. Across the country, MSAs should be responsible for convening ICBs and wider local partners into joint governance structures. Some parts of the country, such as Greater Manchester and South Yorkshire, have already developed governance structures that are enabling this new approach. For example, in South Yorkshire a joint Health and Work Board has been established on which both the strategic authority Mayor and ICB Chief Executive sit. In both Greater Manchester and South Yorkshire, the roles of ICB Chair and Mayoral Health Commissioner have been combined, with the postholder accountable to NHS leadership and the elected mayor. This new governance arrangement should become the norm across all MSA areas as they develop and mature. By 2029 the governance mechanisms that are being pioneered in Greater Manchester and South Yorkshire should become the default in all parts of the country. Aligning governance structures and bringing together previously fragmented funding streams at a strategic level will be powerful enablers of change. They will help to make the NHS a fully-fledged partner in delivering the support services that can help more young people into earning or learning.

New financial flows

599. Bringing together previously fragmented funding streams at a strategic level will also help the NHS to play its full part in improving youth participation. One of the principal reasons why health services fail to integrate fully with employment support and other services currently is because financial resources are separated into vertical silos. Money for skills and employment support at a local level comes from the Department for Work and Pensions (DWP). Health budgets from the Department of Health and Social Care (DHSC). Each has different objectives and accountabilities. Money follows institutions. Young people live across them. It is little wonder that local services do not join up. We have heard from countless local practitioners who say that youth participation and wellbeing is the reason they get out of bed in the morning, but who also say that fragmented budgets, Whitehall silos and budget restrictions stop them achieving meaningful change.

600. Successfully tackling youth disengagement requires more than organisational alignment between services. It relies on financial alignment too. There have been repeated attempts over many years to make that happen. Section 75 of the NHS Act 2006 enabled the NHS and local authorities to pool budgets into a combined pot for an agreed set of services. The Health and Care Act 2022 created new mechanisms for budget pooling. But no-one has been able to achieve the scale required because until now they have relied on the vagaries of local efforts.

601. A new approach is needed. Mayors and strategic authorities should receive devolved funding from central government. In time they will be able to use the proceeds of local taxes, in place of national grants, to fund their services for which

they will be responsible, including the YOS. I have examined the case for the NHS to devolve a portion of its nationally-controlled resources to fund ICB and Mayoral efforts to improve youth participation. I have concluded that would not be the best option because it would restrict local areas' discretion over how they best collaborate. Some may want to choose pooled budgets for preventative services; others may simply want to jointly commission against their Area Youth Participation Plan. That should be a matter for local decision. But a new requirement on ICBs should make clear they must sufficiently fund and commission health-related services needed by their local YOS. The procurement of those services should be jointly agreed with the strategic authority. Institutional boundaries should not determine which young people receive support. Where a social-skills programme in a school is the most effective intervention for a young person, local systems should be able to fund it without an unproductive dispute over whether it belongs to the NHS, education, public health or local government. To enable this, ICBs and MSAs may decide to agree local budget pooling, which could include risk and gain share arrangements.

New data sharing

602. Health, education, skills and labour-market data are rarely joined in ways that allow local systems to understand which young people are disengaging, why they are disengaging or whether interventions are working. The opportunity created by stronger local partnerships and the new shared youth participation data architecture should be used to change that. The ambition should be for a genuinely linked, timely and safeguarded picture of health, education, skills and participation. Data sharing should therefore be built into local partnership arrangements, with appropriate safeguards around privacy and consent, and with information used to trigger action by the relevant service. Action will be needed at national level to facilitate this, including common standards and a clear legal and governance framework. Chapter 7 sets out how central government should work with ICBs, regional and local government to bring together a range of relevant data in a safeguarded "share once, use often" model. This could mean health data for their populations, including the health conditions reported by young NEETs, how outcomes change over time, which services young people receive, waiting times and rejected referrals, and participation outcomes following intervention.

A new approach to the private diagnostic market

603. The enhancements and changes to NHS services outlined above will make timely, appropriate support and services much more readily available to young people. This system reset makes it the right time to introduce reforms to the private diagnostic market to ensure it is better aligned with the new care model as well.

604. The immediate priority should be to establish stronger commissioning, payment reform, improved data and quality-assurance arrangements before action can be taken against individual providers. Commissioners should have clear service specifications, competency and governance standards, standardised outcomes data and effective assurance mechanisms across NHS and independent providers. Where providers demonstrably fail to meet these standards, NHS funding should be restricted or withdrawn. That process should begin at once. And by 2028 new payment mechanisms should be in place which are based on quality and outcomes rather than assessment or diagnosis volumes.

Fit note reform

605. Reform of the fit note will also be a key enabler of improving youth participation rates. Under the current fit note system, 93 per cent of all electronic GP fit notes in 2025 were issued as 'not fit for work', signing people off without access to support that could help them stay in or return to work.[452] An estimated 121,000 fit notes were issued in 2025/26 covering a period of more than 20 weeks.[453] Worse, around 20,000 young people fall out of work due to ill health each year.[454] This is also a poor outcome for employers, who face both the costs of long-term sickness absence and the recruitment costs associated with replacing a worker. Reform is needed.

606. In his Keep Britain Working Review, published in November 2025, Sir Charlie Mayfield described the fit note as "a barrier rather than a bridge" between employees and employers, concluding that the system was "not working as intended". He recommended that the Government test alternatives to the current fit note process, working with GPs, who issue 90 per cent of all fit notes, and the wider health service to explore potential improvements and replacements.[455] GPs are experts in healthcare but are not employment-support or occupational-health specialists, and they do not necessarily have the time, expertise or incentives to provide dedicated advice on helping people remain in work. The Government's own Call for Evidence found that fewer than a third of healthcare professionals in primary care considered issuing fit notes a good use of GP time.[456]

607. It is time to move responsibility for long-term sickness absence out of general practice. That process should begin in 2027. A new model is already being tested for working-age adults in four ICBs across England. These ICBs are using new multidisciplinary Community Work and Health Teams (CWHTs) to provide better work and health support than the traditional GP-issued fit note. Staffed by a mix of clinical professionals, including occupational therapists, and non-clinical professionals, such as health coaches and employment advisers, CWHTs provide personalised "stay in work" and "return to work" plans to support people experiencing long-term sickness absence. Support includes identifying reasonable

adjustments, working with employers, and helping people address health barriers to employment.

608. As part of the commissioning agreements between mayors and ICBs, the functions of CWHTs should be incorporated into the local YOS suite of services and should be extended to all parts of England. That will create a straightforward pathway from clinical assessment to specialist work and health support. The GP would continue to assess the young person's clinical needs and issue the first fit note where appropriate, particularly for short-term illness. Where a further fit note is required, this would trigger referral to the YOS, although GPs could refer at first presentation where a condition is complex or likely to be long term. The YOS would then triage the referral, assign a case coordinator and hold a structured work and health conversation with the young person. Together, the young person and practitioner would agree a personalised return-to-work plan, including practical workplace adjustments and a clear review point. That process, instead of simply asking whether the young person is fit or not fit for work, should ask: what can this young person do, what is preventing them from doing more, and what would help? The service would be able to refer young people into wider specialist clinical services, employment support, vocational rehabilitation or youth support as required, while clinical care would remain with the GP.

609. In addition, where an under 25 year-old makes a health-related benefit claim, that should automatically trigger an offer of support through the Youth Opportunity Service which would bring together health support, employment advice, vocational rehabilitation and practical help according to the needs of the individual.

610. A fit note should be a trigger for help. These changes mean that a fit note would become the beginning of an active support process, not simply a certificate of absence. A "not fit for work" note for an 18 year-old who has barely entered the labour market does not simply pause a career. It can prevent one from getting started. The State should be doing everything reasonable to avoid that happening. The ambition should be that no young person moves from short-term illness into long-term economic inactivity simply because nobody intervened during the period in between.

5.5 Extending the role of health and social care as an employer

611. The NHS should not only change the way it supports young people's participation as a provider of services. It should lead by example as an employer. As the country's largest employer, especially in disadvantaged areas with high NEET rates, the NHS has enormous power to create pathways into the labour market. That power is currently underused. Young people remain under-represented in the NHS

workforce. That is not simply a missed social opportunity. It is a missed workforce opportunity for an organisation facing significant long-term recruitment pressures.

612. The NHS workforce spans a wide range of clinical and non-clinical roles, skills and experience. Alongside graduate routes, the NHS also offers first-rung jobs that do not require specific qualifications. These roles provide a substantial platform for bringing more young people into work and supporting progression. Of course, the NHS does not exist to provide jobs or work-experience schemes. It is a life-and-death service and must recruit people who can do the job. But that is entirely compatible with doing more to open pathways into employment for young people from the communities it serves. There is strong evidence that the NHS provides better care when its workforce reflects the diversity of the communities it serves. NHS providers have a direct interest in higher local employment. In 2023 the OBR also found an additional per-person cost to the NHS when a person is economically inactive, compared to if they had been economically active.[457]

613. Many NHS organisations already create opportunities through employment, apprenticeships and work experience. But provision varies significantly between places and is not consistently visible or connected to wider employment support.

614. The NHS should have an explicit objective to increase access to first jobs, apprenticeships, training and work experience for young people who are NEET or at risk of becoming NEET. The way it does so should reflect local vacancies, labour-market conditions and need, but every area should be expected to make measurable progress. NHS England should set a clear expectation in planning guidance that all parts of the system should deploy five main levers.

615. Increasing access to first jobs. Every NHS employer should identify suitable entry-level roles and work with local employment support services to connect young people to vacancies. They should be aiming for a minimum of 10 per cent of those vacancies to go to young people who are NEET.

616. Guaranteeing interviews. Young people who are NEET need to get through the application stage before they can demonstrate what they can offer. NHS employers should review the qualification, experience and application requirements for suitable first-rung roles and remove criteria that are not necessary for the job. Large NHS employers should guarantee an interview for any currently NEET young person who meets the essential criteria for a Band 3 vacancy or below. This could be implemented through a simple additional question at application stage. Every applicant aged under 25 who is unsuccessful should receive meaningful feedback and be directed to relevant employment support through the YOS.

617. Expanding apprenticeships and supporting entry-level pathways. NHS apprenticeships provide an earn-and-learn route into both clinical and non-clinical careers, but lower-level apprenticeship starts have declined significantly over the

last decade. Intermediate apprenticeship starts in the Health, Public Services and Care subject area fell by 62 per cent between 2017/18 and 2025/26 alone.[458] NHS employers should allocate a defined proportion of apprenticeship growth to local young people who are out of work, education or training. Government and the NHS should ensure that employer support funding enables more Level 2 and Level 3 apprenticeship opportunities and create clearer progression from entry-level roles into higher and professional apprenticeships.

618. Opening up training. The NHS has an extensive training and development offer, including the Learning Hub and Digital Academy. Relevant digital learning should be made accessible to young people interested in healthcare careers, with the Youth Opportunity Service providing a route into these resources.

619. Creating work experience linked to jobs. Volunteering should not be treated as a substitute for employment. But properly designed volunteering and work-experience opportunities can build confidence, skills and sector knowledge, helping young people progress into paid work. NHS employers should therefore offer structured opportunities linked explicitly to subsequent employment and apprenticeship pathways.

620. Large social care employers should also maximise their contribution to youth participation. There is a strong case for doing so. Skills for Care estimates that the sector had 1.59 million filled posts in 2025/26.[459] Its 2024/25 estimates show that only 7 per cent of the workforce was under 25, compared with 11 per cent of the economically active population, while 27 per cent was aged 55 or over. Skills for Care projects that around 410,000 additional posts could be needed by 2040 to keep pace with growth in the population aged over 65. [460]

621. This demographic bulge sits alongside declining reliance on international recruitment as a core workforce challenge for the social care sector. With the July 2025 closure of the Health and Care Worker visa route for new overseas applicants entering the adult social care sector, it can no longer rely on overseas recruitment to meet workforce demand. Skills for Care found that the number of new international recruits fell from 105,000 in 2023/24 to 50,000 in 2024/25. Over the same period, the number of workers with British nationality fell by 30,000, a 2.6 per cent decrease. [461] This latter trend is not sustainable. Growing and retaining the domestic workforce, including more young people, is an increasingly urgent priority.

622. The sector is well positioned to attract early career entrants if routes into it are made visible and supported. But adult social care is a fragmented sector, and predominantly made up of independent providers. [462] So mayors and local YOS will need to prioritise engagement with care providers to encourage and help them recruit more young people into their workforces. Employers and local partners

should maximise existing programmes, including sector-based work academy programmes (SWAPs), which combine pre-employment training, work experience and a guaranteed job interview for eligible participants. Care Academies, building on existing practice in some areas, should act as local conveners and delivery hubs. Areas without a Care Academy should establish an equivalent local partnership.

623. Some independent care providers, such as Walnut Care in Lincolnshire, offer cadet programmes for school-aged children. Across the country, local partners should look to build on and share learning from similar existing initiatives. There is an opportunity to address two challenges at once: social care is carrying enormous vacancies and is struggling to fill them. Young people are looking for work, as I outline in the Chapter 6. There is an opportunity to match one with the another. As part of the new Opportunity Guarantee, young people should be given the chance to undertake volunteering through a civic service in social care. As the Government implements a National Care Service, it should consider how it can best organise the sector to create a more routine way to ensure young people have exposure to the sector and its career possibilities.

5.6 Impact

624. This reform programme will create a very different system: one that intervenes earlier, aligns health support to youth participation and holds the NHS to account for its contribution to helping young people to learn, earn and build healthy adult lives. The test of these reforms is straightforward. Do they reach more young people earlier? Do they improve participation? And do they reduce the long-term cost of intervening too late?

625. There are many other priorities I could have sought to address in these reforms in order to improve youth participation rates – for example, obesity and drug and alcohol services – but I have chosen to focus on the principal driver of high NEET rates, the mental health crisis facing young people. The new model of mental health care I propose for young people will have the biggest impact on the NEET rate. It will create earlier needs-led mental health support to match the scale of the mental health crisis. It would fund a digital front door to mental health and wellbeing support; at least one Early Support Hub in each of England's upper-tier local authorities; a national high-intensity Mental Health Support Team offer in schools; expanded social prescribing to improve mental health and wellbeing; wider access to Individual Placement and Support for young people with mental health needs; and faster specialist pathways. Together these reforms would replace long waits and widespread unmet need with immediate digital help, earlier practical support and faster specialist care matched to each young person's needs. The package of mental health measures will also deliver a more efficient system that helps more

young people to participate. We estimate that earlier intervention and preventative services could support up to 930,000 more young people over five years, with many more accessing advice and support through digital channels.[463]

626. Although the reformed mental health model will require an estimated 4,500 staff, most will come from redeploying and upskilling existing staff, including those currently involved in adult services.[464] Critically, the costs of inaction - poorer health, lost opportunity, higher welfare spending and avoidable pressure on public services - are greater than the costs of the investment needed to support the reforms.

627. In addition, the package aims to slash the costs of assessments for autism and ADHD to release further savings. Using a tariff to set the cost of assessments of neurodevelopmental conditions and bringing the price of assessments through independent providers in line with NHS provision could reduce the unit costs of ADHD assessments by three-quarters and autism assessments by one third, potentially saving hundreds of millions of pounds a year.[465]

628. The test of these reforms is not whether the NHS creates more programmes, appointments or pathways. It is whether fewer young people become detached because of ill health; whether those who do become unwell receive help earlier; whether those who can participate are supported to do so; and whether those who cannot are treated with dignity and security. That is the standard against which this new settlement should be judged.

Conclusion

629. There is no singular explanation for why NEET rates have risen so sharply in recent years. But there is one stand-out change. Over the past decade, the proportion who say they are NEET due to a work-limiting health condition has increased by 70 per cent.[466] The proportion of young people who are NEET citing mental health or conditions like ADHD and autism as their primary condition has almost doubled over the past 15 years.[467] Poor health, and mental ill health in particular, is now affecting not only the wellbeing of a generation but the size and strength of Britain's future workforce. For the first time in perhaps two centuries, changes in health, especially mental health, are impeding economic growth and causing a contraction in the supply of labour.

630. Health has become one of the defining causes of the youth participation crisis. It cannot remain a peripheral concern for a health service focused only on treatment. The reforms proposed here would change that. Young people would be able to get practical help before a diagnosis where that is what they need. Serious mental illness would be treated more quickly. A fit note would trigger support rather than simply certify absence. Young people already outside education and work would

have a route through the YOS back towards participation. And the NHS would be accountable not simply for the activity it undertakes but for the difference it makes. None of this means pretending that every young person can work regardless of their health. Some cannot and will need sustained care and financial support. A humane system must provide it. But it is equally wrong to allow a temporary illness, a manageable condition or a period of distress to become the gateway to decades outside working life simply because support arrived too late. The State should never be quicker at determining what a young person cannot do than it is at helping them discover what they can. The task is to move from diagnose and treat to predict, prevent and participate. That is the change required.

631. When young people become unwell, help them stay connected. When they fall out, provide a route back. When they need specialist treatment, provide it quickly. And judge the health service partly by whether young people emerge healthier and better able to participate in the lives they want to lead. Good health and good work should reinforce one another. Our present system too often allows the opposite to happen. The purpose of these reforms is to change that.

Chapter 6: Welfare: From a trap to a springboard

6.1 A fresh approach is needed

632. For most young people, welfare should be a bridge to work, not a destination. Too often the present system does the opposite. It writes a cheque but not a plan. It asks a young person what they cannot do before it asks them what, with the right support, they could. And once a young person enters the health-related benefit system, all too often it becomes very hard to leave. The welfare system for too many young people has become a trap when it ought to be a springboard.

633. Since 2012, the number of young people receiving incapacity benefits has more than doubled to approximately 250,000.[468] The number of 16 to 24 year-olds receiving DLA or PIP has also doubled to over 400,000.[469] That trend shows no sign of slowing down. In 10 years' time 820,000 young people are likely to be receiving PIP: one in nine of all young people in the UK.[470] Staggeringly, the number of young people claiming PIP is expected to quadruple over just a quarter of a century from 2013 to 2037.[471]

634. Conditions such as anxiety and depression, ADHD and autism among 16 to 24 year-olds are driving much of the growth and now account for almost 2 in 3 of all new claims.[472] But worsening health alone cannot explain the growth in the numbers receiving benefits: the disabled working-age population increased by around 17 per cent between 2019/20 and 2023/24, while there was a 46 per cent growth in the number receiving incapacity or disability benefits.[473] To put it at its simplest, the growth in benefits far outweighs the actual change in ill-health and disability among young people.

635. That has two consequences, and both are serious. Young people's life chances deteriorate. The benefits bill rises. We should tackle the first to deal with the second, not the other way around.

636. Britain needs a fresh approach to welfare. Reducing the benefits bill is necessary, not least because for young people it has grown unsustainably over the last fourteen years. But the only way of doing that in a sustainable way is to help more people, especially the young, with conditions like anxiety or ADHD into work. This is important because unemployment has such a negative impact on young people's health, especially their mental health. As Professor Fonagy put it: "participation is not only an outcome of good health; it is one of the ways good health and wellbeing is built and sustained."[474] The long-term scarring effect of a young person being NEET is profound.

637. The moral imperative to put this right is even more important than the fiscal one: we should not be writing off a whole generation of young people to a life of economic

inactivity on benefits when, with support, they could be in work. So, this Review does not start with an arbitrary savings number and work backwards to benefit cuts. It starts with nearly one million young people who are not earning or learning and seeks to change their life chances.

638. Crude cuts to benefits work neither fiscally nor morally. If they leave young people destitute then costs merely show up somewhere else on the State's balance sheet in health, housing or criminal justice. Yet all too often the public debate on welfare descends into simplistic cuts solutions. To begin with not all benefits spending is bad. Providing financial support to people who are ill, disabled or in severe need is a moral necessity and one the State has a duty to discharge. But where the benefit system contributes to making young people economically inactive and unable to participate when they otherwise could, that is neither good for them nor for the taxpayer.

639. That is why I advocate strongly for getting a better balance in what the welfare state does in its interactions with young people. It has dual functions: to provide people with income support if they are not participating and practical support to help them into participation. The pendulum has swung too far away from the second to the first. For every £25 spent on helping young people with income through benefits, only £1 is spent helping them with support to enable them into work.[475] And this is despite the fact that nearly half of young people receiving health or disability benefits believe they could work now with the right support, or in future if their health improved.[476] More than 7 in 10 young people who are NEET want a job or training.[477] The system isn't delivering what young people want.

640. Of course, many young people even when they get a job will still need financial support from the benefits system to enable them to live a decent life. The State will need to provide help for those on low incomes so that they can sustain a reasonable standard of living. Others will need help with housing or the additional costs of disability while they are working, learning, or making the transition towards greater independence. A welfare state should always provide a safety net, and the problem is not financial support itself. The problem is a welfare system that too often separates financial help from enabling young people to participate. A good welfare system should make participation easier not harder. But when we spend twenty-five times more dealing with the consequences of economic inactivity than helping young people overcome it, we should not be surprised by the results.

641. There is a straightforward premise at the heart of the reforms proposed here: for the overwhelming majority of young people, the system should support a route into participation rather than become a substitute for it. Where young people can work, they should work. The State should support them and help create the opportunities to do so. And where the minority cannot work it should provide appropriate support

and long term financial security. In the simplest of terms, the new maxim has to be participation for those who can, security for those who cannot.

642. Young people need a system that makes earning or learning its core mission. The 1 in 4 young people with a common mental health condition, such as anxiety or depression[478], would be better off in work.[479] Instead, they are trapped in the benefits system. That 'signed off and written off' culture must give way to a participation-first culture in which more support and opportunities for young people are matched with obligations on their part to engage in seizing those opportunities.

643. None of this will be easy. There are no straightforward or pain-free solutions. I have considered whether the changes proposed in this chapter could be achieved by reforming the existing system rather than replacing it. On balance, I do not believe they can. Financial support, employment support, health, skills and opportunity need to come together around the young person. The present architecture was not designed to do that. Britain's own history of welfare reform provides plenty of warnings about what does not work. International experience provides useful lessons about what does. Taken together, the evidence points towards a different system for young people rather than another set of changes bolted onto the arrangements designed for older adults. The conclusion I have reached from examining this evidence is that the best option is the one that hasn't been tried before: the creation of a new and different system for young people from the one that serves older adults.

644. Young people are not the same as older workers. An older worker who develops a disability in mid-career has decades of experience behind them: established habits, routines, professional identity, financial reserves and networks. Their relationship with the labour market is disrupted but not absent. Income replacement during a period of ill health is appropriate and proportionate. The existing system is better suited to that circumstance than to a young person who has yet to establish a foothold in working life.

645. By contrast, a young person aged 19 may not have any work history. They are not returning to something. They are trying to reach it for the first time. When 6 in 10 NEET young people have never worked, a different system is needed to enable their transition into employment.[480] This chapter sets out how a new participation-first system can be created for young people, distinct from the current one-size-fits-all welfare state. The current model accords young people principally one entitlement: a benefit that all too often takes them down a cul-de-sac of dependence. It is a passive system. It needs to give way to an active one which accords young people new entitlements that encourage them towards independence through earning or learning.

- A new Opportunity Guarantee which gives every young person for the first time a statutory entitlement to a route into education, training or work.
- A new Support Guarantee, again enshrined in law, to provide the health, employment, functional and practical help young people need to grasp and sustain those opportunities.
- A new locally led Youth Opportunity Service (YOS) charged with delivering both guarantees.
- A reformed benefit system that supports and rewards participation.
- New forms of help for disabled young people including long-term financial security for those with profound and enduring disability.

646. Together, these five changes create a different settlement for young people: opportunity and support first, financial security alongside them, and long-term protection where participation is not realistically possible. This will require up-front investment and far-reaching reform. But there will be payback in benefit savings and tax proceeds as generations of young people are helped into earning and learning. Of course, the most important payback will be in their life chances.

6.2 What has gone wrong: participation isn't the priority

647. The welfare system is not the sole cause of the growing phenomenon of youth detachment from the labour market. It is multi-causal. The loss of entry-level jobs, an education and skills system not fit for purpose, an outdated health system and fragmented local services all matter. Other chapters address those failures. But the welfare system is the weakest link in the chain and, arguably, the biggest point of failure.

Too little help

648. It does too little to help young people participate. Only around one in five young people on health and disability benefits gets meaningful employment support.[481] The number of young people receiving means-tested benefits with no requirement to engage with employment services has nearly doubled.[482] The State writes a cheque when it should be writing a plan. The young people facing the greatest barriers often receive the least active help.

Fragmentation

649. Income and support sit in different systems. A young person may receive benefits from one part of the State, treatment from another and employment help from somewhere else, with nobody responsible for joining them together. Jobcentre Plus was built mainly for adults between jobs, not young people who may never have

had one. At age 18, no institution exists whose job it is to make sure a young person has the chance to earn or learn.

A deficit model

650. The system embodies a deficit model of disability. The route to greater support begins with evidence of what somebody cannot do. That may be a reasonable question for someone whose established working life has been interrupted by ill-health or disability. It is a poor starting point for an 18 year-old whose capability may still change with treatment, adjustment, aids, experience and the right environment.

Stickiness

651. The system also creates perverse incentives. Those assessed with a health condition receive more money, less support and fewer requirements than those assessed as able to seek work actively. PIP is an extra-cost benefit and is not formally conditional on being out of work. Many recipients do work. The problem is that some claimants fear that changes in activity, employment or independence could put an award at risk or trigger reassessment. Where the financial consequences of losing support are substantial, that uncertainty can itself discourage people from trying a job. Half of claimants worry they would not get their benefits back if paid employment failed.[483] Trying work in the current system too often becomes a gamble which is why the system is so "sticky". Seven in ten young people who enter health and disability benefits are still claiming a decade later.[484] A difficult period at age 18 can become a decade of detachment.

A fixed system dealing with a fluctuating system

652. Nor was the system built for fluctuating conditions such as chronic fatigue or complex PTSD, and conditions in which a person's support needs could change such as anxiety, depression, autism, and ADHD. Young people's circumstances and capabilities are often not fixed. Adolescence and early adulthood are when conditions commonly emerge, fluctuate and respond to treatment or condition management. Importantly, the Fonagy Review underlines that participation and good work can support health and wellbeing, alongside appropriate treatment and support.[485] A snapshot assessment is least reliable at the age where the current system applies it most consequentially. It changes payment, expectations and support. An early classification can all too easily become a destination.

Fiscal costs

653. These faultlines have profound fiscal consequences. The overall spend on Universal Credit (UC) for young people with a health issue almost doubled to £2.1 billion between 2019/20 and 2024/25. Annual PIP expenditure for 16 to 24 year-olds rose from around £1.3 billion in 2019/20 to around £3.2 billion in 2024/25 and, on the Interim Report's central trajectory, could reach around £6.5 billion within five years.[486] We are spending more while participation outcomes are getting worse. That is the spiral we must break.

Short term beats long term

654. Of course, there should be contribution towards the extra costs associated with significant and ongoing disability. Where there is profound and long-term disability which would prevent someone from earning a wage, there should be long-term financial security. But for most young people who could work, Britain can do better than a system that offers short-term income but too often lets temporary difficulty harden into a permanent destination. The system's objective for young people should be to do everything it can to increase their participation, rather than simply compensating for the fact they are not earning or learning. The test should not be whether a young person receives a particular benefit or that makes them better off this month. It should surely be whether they have the support and the opportunity they need to build a better life over years. As it works today, the welfare system is ruinous for the life chances of too many young people. It is time that it gifted them a long-term future, not just a short-term payment.

6.3 Evidence on what works: active support and real opportunity

655. Start with young people themselves. In our listening exercise, one young person with Down syndrome spoke with real pride about work: "I enjoy doing the baking part... making the batch, rolling the balls and the fours and sixes. Pretty much everything. Not washing up." It was a small moment, but it captured something important. Work is not an abstract labour-market outcome. It is skill, routine, pride and contribution. Like all of us, young people want more than a wage. They want to be useful to others and to feel the status that comes from being needed and relied upon. We owe them the chance to have that.

The experiences of young disabled people[487]

In panels with young people and workshops with young disabled people held for the Review, I heard the impact of these barriers on their participation. The ambition is there, but too often the support is not.

As one young person said, "You don't jump into water without knowing how to swim, but with adulthood, people expect you to." The importance of having

trusted professionals to guide and support a young person through transitions was repeated throughout the workshops.

Young people described wanting support that is "flexible, patient, non-judgemental". Many wanted to be supported by people who take the time to understand them as individuals, rather than making assumptions based on their diagnosis or disability. One young person explained "When I share my diagnosis, people assume I'm going to be 'difficult'", another said, "They looked at me like I was the equivalent of a baby".

When support did come, frequently it came too late, having held them back from education and employment. One young person described how "Access to Work came after I finished work", and another said, "It feels like I only get help from mental health professionals once I'm on the edge", and another said "Progress on my ADHD and autism diagnosis only happened when I was long-term unemployed and going through a mental health crisis due to depression and burnout".

Young people described wanting a system that enables their independence and participation, "Earning my own money and being independent makes me feel so good about myself." They described the importance of having a main point of contact, a trusted professional to guide and support them through transitions, and employment support that is part of joined-up plan, "Work experience works well if it caters to your needs and sets you up on a genuine career path."

Opportunity plus support delivers the best results

656. We have assessed evidence from around the world, from young people and their organisations, and from our own history to determine the design features of a welfare system that can support young people into participation rather than trapping them in economic inactivity.

657. Across the evidence base, the clearest finding is that young people do better when a real opportunity is combined with the support needed to sustain it. There is no single intervention that solves youth unemployment, or economic inactivity, but wage subsidies, strong vocational routes and tailored specialist support, based on individual need, deliver the best results. Support without opportunity can become case management and not provide a destination. Opportunity without support excludes those furthest from the labour market. What works is the combination.

658. That principle is visible in Individual Placement and Support, which places people in real jobs and provides health support alongside them. Randomised trials consistently show it more than doubles employment rates relative to standard vocational rehabilitation. [488] In trials with young adults, 58 per cent of IPS participants entered competitive work compared with 32 per cent of control groups.[489]Similarly, supported internships for people with learning disabilities pair a workplace opportunity with a job coach. Despite the barriers many people with a

learning disability face getting into employment, supported internship providers reported 45 per cent of interns from the previous academic year were in permanent paid work.[490] In the US Project Search, working with young people with a significant impact from autism, helped 73 per cent of participants into permanent work compared to 17 per cent of the comparator group.[491] A well-designed placement allows a young person to learn to travel to work, manage a condition in a real setting, deal with colleagues and build skills that no assessment can reproduce.

Active systems, not passive ones

659. The countries that do best do not rely on a single programme. They identify risk early, stay in contact with the young person, combine education and employment, wrap support around the individual and make employers part of the solution. Central government sets entitlements and expectations. Local institutions make the route real.

660. The Netherlands shows what this looks like. Its 2025 NEET rate for 15 to 24 year-olds is 4.8 per cent.[492] Thirty-five labour-market regions are legally required to coordinate youth employment stakeholders within a national framework. They actively engage young people to make sure they are on a track to earning or learning, provide personalised help and match them with employers. Education and employment support are integrated with wider services and local institutions connect employers to vocational education. Crucially, 51 per cent of 18 to 24 year-olds in the Netherlands combine work with study, compared with 17 per cent in the UK.[493] Participation is not treated as a hand-off from education to employment. For many young people it is both. Exposure to work is built into the school system, reflected in the curriculum and in how schools are measured. Decades of that have built real connective tissue between employers and educators. It is the norm there rather than the rarity it is here.

661. Australia offers a different lesson: after tightening its work-capacity threshold, disability pension awards fell sharply, with little evidence that those diverted moved into work. Instead, as eligibility criteria were tightened people moved onto unemployment-related benefits. There was not enough support to get them into employment. Spending less is not the same as succeeding. The test is whether lives and trajectories change.

Engagement is key

662. Denmark's 1996 youth programme made education or training the default for low-qualified young people once unemployment reached six months. Evaluations found that it worked chiefly by moving young people into education rather than pushing them into the first available job. Young people could in principle face

financial sanction, but engagement, early activation and a credible offer did most of the work. The lesson is not tougher conditionality alone. It is sustained engagement backed by something worthwhile to engage with. In 2025 Denmark's NEET rate for 15 to 24 year-olds was 11.0 per cent, compared with 13.6 per cent in the UK.[494] Neither Denmark nor the Netherlands rely primarily on sanctions. Instead, before sanctions are considered, there is a graduated process of engagement and reengagement designed to restore participation. Both countries prioritise practical support, while retaining clear expectations about the need for the young person to engage with the help on offer. Where reforms faltered, it was often because employment support was not in place before benefit change. The shared lesson is that the most effective systems do not choose between support and responsibility. They provide both and use sanctions as a genuine last resort.

Reform can help more disabled people into work

663. When Denmark reformed its welfare system in 2013 it invested heavily in municipal rehabilitation teams drawing together health, education, care and employment, and expanded its flexi-job scheme, first introduced in 1998, to include subsidised jobs of only a few hours a week. Disability pensions remained for those so profoundly ill or disabled that paid work was not realistically possible. Flexible subsidised jobs (flexi-jobs) are created for individuals whose work capacity is permanently and significantly reduced, where other employment options have been exhausted. Four years after entering the flexi-job system, 80 per cent of participants had not returned to disability pensions.[495] Their system means that employers pay for the work an individual can perform, while the State supplements their income, enabling disabled people to earn a wage even where they can initially work only a small number of hours. Similarly, in the Netherlands since 2015, lifelong income has been reserved for young people who will permanently lack any capacity for work, decided once and paid for life. Other young disabled people receive support into work through municipalities, job coaches and adapted roles where ordinary employment cannot meet their needs. In both systems, job roles are actively created or adapted to ensure that young disabled workers have opportunities which would not have existed otherwise. Both systems reorganised public investment around the person, combining benefits, support and opportunity rather than assigning people to a category and leaving them there.

664. What distinguishes the Danish and Dutch approaches is that they paired major expansion of opportunity and support with benefits reform. Welfare reform cannot be bolted onto employment support, and employment support cannot be bolted onto an unreformed benefits system. They have to be designed together.

Britain's own record of failure points the same way

665. For fifty years, Britain's standing answer to youth economic inactivity has been to toughen how young people who enter the benefits system are assessed rather than to create permanent opportunity. Yet evaluations of previous employment programmes show that opportunity works. For both the Future Jobs Fund and Kickstart, impacts were remarkably similar: for every 100 people who benefited, there were eleven more in unsubsidised work two years later than would have been the case without them.[496] Both also more than paid for themselves in societal terms – with the more recent Kickstart scheme generating £1.18 of monetised returns within two years for every £1 invested.[497] Nonetheless, neither of these schemes were continued beyond the crises that created them. Providing opportunity has too often been an emergency response. From the Youth Training Scheme through New Deal to Kickstart, employment opportunity programmes have come and gone but none have stood the test of time.

666. By contrast, assessment of young people by the welfare system has been a permanent feature down the decades. The assessment process has been repeatedly redesigned. Invalidity Benefit became Incapacity Benefit in 1995 with the All Work Test. Incapacity Benefit became Employment and Support Allowance in 2008 with the Work Capability Assessment. ESA became the Universal Credit health element with the same basic question intact. Each reform redrew the line between whether the young person was capable or incapable of working. The assessment changed. The binary divide survived. None asked whether that binary divide was right for a young person at the start of adult life.

667. Most previous reforms also promised support but, mainly, it did not materialise. ESA was intended as an active benefit, but the support when piloted was judged by the National Audit Office not to deliver value for money, then folded into an outsourced Work Programme where many claimants were judged too expensive to help.[498] [499] Fewer than one in twenty former incapacity-benefit claimants achieved a job outcome. Nor did reassessment produce lasting savings. The incapacity benefits caseload, reduced from 6.7 per cent of the working-age population in 2008-09 to 4.9 per cent in 2017-18 after 1.3 million reassessments, was back to 7.0 per cent by 2024, and the OBR projects the caseload will rise to 7.9 per cent by 2029.[500]

668. Britain's support for disability-related extra costs followed the same pattern. Attendance Allowance, Mobility Allowance, Disability Living Allowance and PIP each redrew descriptors and points. No reform asked how practical support should sit alongside extra-cost cash. Every reform treated an 18 year-old like a 55 year-old.

669. Guaranteed opportunity and support combined with a benefits system rebuilt around participation are the two things that seem to deliver the best results. And

yet they have never been tried here, let alone tried together as a single reform. That is the reform this Review proposes. I do not say for a moment that is a foolproof solution to what is an intractable problem. But what I have learned is that it stands the best chance of helping young people from economic inactivity and a life on benefits to participation and a life with a wage.

Policy is moving in the right direction

670. It would be wrong to suggest that the Government has ignored these lessons. It has recognised that young people need support designed around the transition into adult life, rather than simply being absorbed into employment and welfare systems built principally for older adults.

671. The Youth Guarantee in particular marks a significant shift. It begins to move government away from a succession of short-lived programmes towards a broader commitment that every young person should have access to education, training or employment. Youth Guarantee Trailblazers are testing how local areas can bring existing provision together, identify young people who are NEET or at risk of becoming so and provide more coordinated support. The expansion of Youth Hubs is an important step in the same direction. By bringing work coaches together with mental health and housing support, skills provision and employers, they offer a more joined-up and accessible service for young people in their communities.

672. The expansion of work experience and training opportunities, alongside the Jobs Guarantee for young people, gives greater substance to that commitment. The decision to widen access to the Jobs Guarantee is another welcome step forward. It provides a fully funded six-month job, with government covering 100 per cent of wage costs for up to 25 hours a week, alongside mentoring and tailored support with health, finances and housing. For the first time eligible young people on disability benefits will be able to access the scheme.[501]

673. Significantly, the extension of the Jobs Guarantee breaks down the divide between employment support for young people looking for work and support for those whose health currently limits their ability to do so. It begins from the right principle: that a health condition should shape the support and opportunity offered to a young person, rather than determine whether an opportunity is offered at all. It provides a good basis for a more fundamental shift.

6.4 A new welfare system for the young

674. Young people need a welfare system that works for them and addresses their particular needs. In what follows I set out how that new system can be created. It will take time and effort to bring it into being but it would make earning or learning possible for those who can and provide security for those that cannot. Its starting

point is that the vast majority of young people need greater opportunity and greater support, rather than simply cash benefits, if they are to have a better future.

A new Young People's Guarantee

675. One of this Review's central proposals is a new Young People's Guarantee that is enshrined in law. It is not another temporary programme. It is a permanent new deal between young people and the State. At its heart are two promises. The Opportunity Guarantee is a statutory entitlement to a place in education, training or work for all young people aged 18 to 24. The Support Guarantee is an entitlement to the health, employment, functional and practical support needed to take that opportunity up and sustain it.

676. The new Young People's Guarantee proposed here extends opportunities and support to every 18 to 24 year-old who is NEET and needs a route back into earning or learning, regardless of benefit status. The current policy is narrower than the problem. It does not fully extend to young people assessed as having health conditions or disabilities, who now make up a large and growing proportion of the NEET population. In 2025, 44 per cent of NEET young people reported a work limiting health condition, up from 26 per cent in 2015.[502] It also starts from age 16 where serious risk of disengagement is already clear.

677. I propose that the Guarantee is backed by a multi-billion pound investment of new resources to fund the support and the opportunities young people will need to move off benefits and into earning or learning. It will be critical that the opportunities and support that the Guarantees offer are put in place ahead of the changes I propose to young people's benefits.

678. This amounts to a major change in public policy. Over the decades, youth jobs programmes have repeatedly arrived only to disappear, in part because none was a legal commitment. That all changes with the new Young People's Guarantee. If a young person is entitled to an opportunity, the State has a duty to secure it. If support is needed to take it up, that support is part of the entitlement. The obligation on the young person is to take up those new chances. The bargain is clear: an entitlement to an opportunity, an entitlement to support and a responsibility on the part of young people to engage where participation is possible.

The Opportunity Guarantee

679. The difference is not just who is covered. It is what is guaranteed. One young person may be able to do a job. Another an apprenticeship. Another a college place. Another may need treatment, confidence and supported work experience before employment is realistic. Some need an adapted job. Others need structured community activity to build routine and experience. My proposed new Opportunity

Guarantee provides a route, not a single programme. Because the cohort of young people who are NEET is not uniform, the Opportunity Guarantee needs enough differentiated routes to meet them where they are and enough capacity to get them somewhere better. The role of the Youth Opportunity Service is to assemble the route around the person and change it as circumstances change.

- The menu of options available to young people under the Opportunity Guarantee, which are detailed in the Education and Employers chapters, should include:
- a government-subsidised job with employers receiving £3,000 for each young person they recruit and more for smaller businesses or where someone has additional needs
- a further education place, a pre-apprenticeship, Level 2 and Level 3 technical learning, and higher technical or university study where appropriate
- apprenticeships refocused on under-25s and Level 2 and 3 qualifications
- work placements of up to 12 weeks, sector-based work academy programmes and supported internships
- structured volunteering through a civic service such as befriending people in social care, or taking part in conservation projects, community gardening or a cadetship with the armed services
- help to create a business so that the creativity of young people takes more of them towards self-employment rather than simply traditional paid employment

680. In the event that none of this menu works for a young person there should be a backstop available. If a young person remains NEET despite engaging with the support on offer, and paid work is realistically possible with support, the State should secure and pay for a real paid six-month job with an employer. The job should be suitable and accessible, carry normal employment rights and offer a credible route into sustained work. Wage subsidy, workplace adjustment or specialist employment support should be available where needed.

681. At present the young person needs to wait 18 months for that backstop to kick in. I consider that too long out of the labour market. So, in future it should be available if a young person has been NEET for twelve months, with opportunities to develop skills, experience, vocational rehabilitation and support in the interim. This will help end long-term youth unemployment once and for all.

Entrepreneurs and self-employment

Young people today are more entrepreneurial than ever. One in six 18 to 29 year-olds were engaging in early stage entrepreneurial activity in 2024, up from 5 per cent in 2009.[503] The proportion of young people that are self-employed stands at around 6.9 per cent for men and 2.8 per cent for women.

It forms an important route to work especially for those in areas with weaker labour markets, or those who need greater flexibility due to health, disability, or caring responsibilities. Self-employed young people report higher levels of job satisfaction, and lower levels of anxiety and depression.

There is some State support available to a young person who wants to start their own business such as the Business Growth Service and the British Business Bank's Start Up Loans programme which provides government-backed loans. But these schemes reach only a fraction of would-be entrepreneurs. Access to finance can still be a significant barrier for many young entrepreneurs and many rely on personal savings or loans from friends and family.[504] Seven per cent of young entrepreneurs say they even use payday loans to fund their new or growing businesses. In the past programmes such as the New Enterprise Allowance helped young people by providing a business mentor, a weekly allowance to help get a business idea off the ground and access to start-up finance. Over 100,000 businesses were set up through the NEA.[505]

Universal Credit also applies different rules to support those who are assessed by a work coach to be gainfully self-employed if self employment is their main source of income. Once this test has been passed claimants are given a 12 month long start up period where they are not expected to look for other jobs. This is welcome but more needs to be done to make starting a business and self-employment a viable route for more young people.

The YOS should ensure young entrepreneurs receive specialist support to be able to make their business a success. It should give young people the space to test business ideas before they take on loans, providing up to £500 through the Flexible Support Fund to cover the costs of initially exploring a business idea. In addition, under the Opportunity Guarantee, those who have received specialist help to assess and validate the viability of their business proposition should qualify for the same level of financial support as an existing business would if they were to employ that young person under the Youth Guarantee. That would mean access to a £3,000 grant for young people to help get their business going. This grant should be disregarded when calculating the Youth Allowance entitlement. The design of the Youth Allowance should also encourage starting a business which can take time. Government should consider allowing young people a start up period of up to 18 months if they can sufficiently demonstrate at regular points that their business has good prospects and is making progress.

682. This range of options means that the new Opportunity Guarantee, as well as offering paid work, education or an apprenticeship, should also provide a rung on the ladder for young people who are not yet ready for those opportunities. Structured volunteering, community work or, where appropriate, cadet activity, for example, will help provide purposeful, time-limited opportunities that build routine, confidence, teamwork, relationships and experience before progression.

They offer a stepping stone towards a job but only 6 per cent of NEET young people currently undertake regular volunteering or unpaid work. [506] By contrast, lots of countries across Western Europe operate schemes to connect young people to community service opportunities in their areas. Germany, France and the Netherlands operate voluntary participation programmes that provide young people with structured opportunities to develop skills, gain experience and build confidence as they transition into adulthood.

683. A similar model in the UK could support young people who are NEET or at greatest risk of disengagement by acting as a bridge to work, not least by giving them tangible experience to point to when applying for job vacancies. This will be particularly relevant those parts of the country with weak labour markets and low numbers of job opportunities.

684. I suggest creating a 13 week civic service programme, building on the Community Taskforce model and to be co-developed with the Voluntary, Community, and Social Enterprise sector in which young people to gain transferable skills and practical experience, by volunteering with a charity or non-profit organisation. This would take place whilst job seeking or receiving support agreed in their Participation Plan drawn up through the YOS. Where one of these civic routes is agreed as part of the young person's Participation Plan, taking part should form part of a young person's new duty to engage with the services and opportunities on offer (see below sections). Those who participate between 8 to 24 hours per week should receive additional financial support and a certificate of civic service to put on their CV in recognition of their contribution to their community.

685. Similarly, cadets who participate in activities and serve in their communities for a minimum of 8 hours a week (on average), should also receive the certificate of civic service.

Cadets

The military cadet population currently comprises more than 138,000 cadets and 27,000 adult volunteers.[507] The Ministry of Defence has announced £70 million in funding to expand the Cadet Forces by 30 per cent by 2030, equivalent to 40,000 additional cadets.[508] School-based Combined Cadet Forces help young people remain engaged in education and have been found to improve outcomes, including attendance, while reducing exclusions.[509] Community-based cadet organisations provide an alternative route for young people who do not have access to a cadet unit through their school.

Across all cadet organisations, activities are structured around confidence, routine, relationships and responsibility - qualities that are essential in the modern workplace. For young people aged 18 and over, volunteering to lead and support cadets offers many of the same benefits, including opportunities to develop leadership, teamwork and organisational skills. These experiences

are all stepping stones towards participation. Comparable cadet structures also exist in other parts of the public sector, including policing and nursing.

The Government intends to focus the expansion of military cadets on those parts of the country where disadvantage is greatest and NEET rates are highest. This provides an opportunity for the local YOS to make working with the cadets one of the options available to young people under the Opportunity Guarantee.

Beyond 2030 the Government should look to expand cadetships still further to provide more opportunities for more young people.

686. These routes must never become unpaid labour or somewhere to park a young person indefinitely. But the principles are clear: young people should be able to contribute to the community, contribution should be recognised and participation should provide a rung on the ladder towards paid work.

Opening up opportunities for disabled young people

687. For some young disabled people, the new Guarantee must go further. It should not only help young people find work, but open up existing jobs, shape roles around what they can contribute and create paid opportunities where the labour market will not otherwise provide them. This would be a major expansion in what young disabled people can expect.

688. The Youth Opportunity Service should be a one-stop shop to help young disabled people find the right opportunity and bring together the support needed to take it up. That could include supported internships, Individual Placement and Support, specialist job matching, accessible recruitment, help to identify and negotiate reasonable adjustments, equipment or technology, and temporary job coaching. Together, these interventions should open up many more existing jobs. Access to Work provides vital work support for many disabled people and will be critical to achieving the new Guarantee. It should remain available under its recognised name, but be brought into the YOS suite of services, to deliver more for young disabled people.

689. Secondly, where the labour market excludes young disabled people, the State should also help shape or build a job. Many can and want to work, but sometimes that only becomes possible if there are roles the open market will not create unaided: part-time, adjusted, or carrying support costs an entry-level wage cannot absorb. One way of doing it is job carving: taking a single role and separating it into components, matching each to the person who can do it. A retail job that combines stock-filling, till work and locking up is one job; separated, it is three opportunities. A young person who thrives on routine physical work but finds constant customer interaction unmanageable gets a route in. In the Danish flexjob model, the State pays the difference between what a person can currently do and a living wage and

subsidises the work of separating roles. A new Flexible Jobs Scheme for the UK should be introduced along similar lines.

690. Thirdly, paid employment through supported businesses or social enterprises should become routinely available. Northern Ireland's Ulster Supported Employment Limited, for example, creates paid employment through its own social enterprises while also helping young people into jobs with other employers. This model draws on the heritage of Remploy which provided paid employment specifically for disabled people. But the old model had limitations. Employment was concentrated in separate, sheltered factories, often disconnected from the wider labour market, and parts of the business struggled to secure sufficient commercially viable work. Most of the factories eventually closed and support was redirected into helping disabled people enter mainstream employment. What was lost in that shift was a permanent capacity to create jobs directly where the wider labour market would not. The answer is not to recreate Remploy. It is to modernise the principle behind it. New supported businesses or social enterprises should be locally rooted, commercially focused and outward-facing. They should compete for public and private contracts, use procurement to help sustain genuine demand, and combine direct employment with supported routes into other employers.

691. In every part of the country strategic authorities in commissioning their local YOSs will need to ensure that all three options are available to disabled young people to help more of them into participation. They will also form a key part of the arsenal needed to tackle the persistent employment gap between disabled young people and their non-disabled peers.

Narrowing the employment gap for disabled young people

692. As outlined in my Interim Report, in 2025/26 30.2 per cent of disabled 16 to 24 year-olds were NEET compared with 8.6 per cent of non-disabled young people. Disabled young people were around 3.5 times more likely to be NEET, and almost one in three were outside education, employment or training.[510] They face recruitment processes that are often difficult to access or adapt. Inflexible job design, uncertainty about reasonable adjustments and fragmented support add to those barriers. Employers face difficulties too. Many want to offer opportunities for disabled young people but, particularly in SMEs without dedicated HR capacity, can be uncertain about what workplace adjustments are required, where specialist support is available and who will help if problems arise.

693. Without a specific focus on increasing the employment rate of disabled young people, there is little reason to expect this gap simply to close. It remains stubbornly wide. I have come to the conclusion that a new drive is needed to narrow it. The Government should, therefore, adopt a new target to reduce the disability

employment gap. This new target should take into account some of the challenges with the current way the disability employment gap is measured, which could involve a new approach.[511]

694. To realise this new ambition, alongside wider reform of participation support, employers will need to be mobilised to create more opportunities for disabled young people. In addition to the proposals set out in Keep Britain Working and the connected reform of Disability Confident I recommend a voluntary model for large employers with 250 or more employees. Each would either set and publish an ambition for the proportion of its 16 to 24 year-old workforce who are disabled, or publicly explain why it is not doing so. That would require every large company board consciously to decide whether and how it intends to play its part, while avoiding an immediate new disability employment quota. Large employers who make a commitment would publish the proportion of their 16 to 24 year-old employees who are disabled and report progress against any ambition they have set.

695. This deliberately stops short of a statutory quota. Government would review the results in five years' time against the published measures. If progress is not substantial, it would then consider consulting on a mandatory disability employment quota for larger employers. Such quotas already operate in slightly over 100 countries, although international experience shows that their effectiveness depends heavily on design, enforcement and the support available to employers and disabled people.[512] To be clear, the objective for the UK is not a new quota. The objective is to close the disability employment gap.

The Support Guarantee

696. Creating new entitlements to participation opportunities for young people on their own will not be enough to get many more young people into work. Some young people need help before they can take opportunities up and support after they do. That is why the Support Guarantee sits alongside the Opportunity Guarantee as an equal entitlement.

697. It will give young people the practical help they need to make participation possible. Of course, some young people may need little or no help. Others may need job coaching, mental health support, vocational rehabilitation, housing advice, or support to manage caring responsibilities. One young person may need three conversations about college adjustments before applying. Another may need support to manage their anxiety before taking on a work placement. A third may need help with transport costs before they can start a job.

698. The Guarantee, delivered through the YOS, should bring together health, employment, functional and practical support and, where needed, flexible

financial help. That package may include flexible extra-cost financial help where disability-related daily-living or mobility costs would otherwise restrict the young person's choices using resources from a new local Health and Disability Fund (described in sections below)

699. Health support will be a core part of what the Youth Opportunity Service helps to deliver. The Health chapter sets out the services that young people will have access to, including psychological or digital support for anxiety or low mood; practical help with organisation, concentration, communication or routines for a young person with neurodevelopmental needs; or vocational rehabilitation to manage pain, fatigue or another physical health condition. Support could include helping the young person develop strategies for managing their condition, adapting their environment, trying equipment or technology; independent living skills such as cooking, eating, dressing or washing; travel training; or identifying the adjustments that would make education or work possible. Some may need structured psychological therapy or an occupational therapist. For others, the right response will be treatment or more specialist clinical care. The point is not that every health condition can be resolved. It is that health and functional needs should be addressed wherever doing so can improve a young person's independence, widen their choices and make participation easier to achieve and sustain.

Table 1: Examples of support available through the YOS

Type of support	Examples
Employment support	Individual Placement and Support, job coaching, careers advice, employer brokerage, interview preparation, peer mentoring, supported employment and in-work retention support
Health and functional support	Psychological therapies, condition management, vocational rehabilitation, confidence-building, neurodiversity-informed support and support for fluctuating conditions
Practical support	Help with travel and participation costs, workplace adjustments, travel training, independent living courses, BSL interpreters, assistive technology, equipment, aids and adaptations
Wider support	Support with: housing instability, debt where it prevents participation, caring responsibilities, family circumstances, justice-system contact and other barriers

What the Guarantees mean in practice

700. The Guarantees only matter if young people can feel the difference they make. For a young person who needs help, that should mean one named adviser and one Participation Plan. This should be created with their adviser setting out their personalised package of opportunity and support needed to move towards learning or work, as recommended by organisations such as Rethink Mental Illness.[513] Through a multi-disciplinary team within the YOS, the adviser should be able to

draw on employment, health, disability and wider youth support rather than sending the young person from service to service. The plan should set out the young person's ambitions, the opportunity they are working towards, what support the State will provide and what the young person has agreed to do in return.

701. For many young people the offer will be light-touch: digital matching to jobs, courses and apprenticeships, with an adviser stepping in when something stalls. For others it will be intensive, including help with health, disability, confidence, skills, transport or other barriers. The multi-disciplinary team will support the adviser to match the young person with the right support to realise their Participation Plan. Where the risk of a poor transition is already known, including for care leavers, young carers, young people leaving the justice system and those receiving child DLA, planning should begin from age 16 where needed.

702. This is a much bigger offer than the current welfare system provides. The first question should not be simply whether a young person can work, but what they can do now, what they could do with the right support and what will help them get there. In return for a real opportunity, a named person to help, multidisciplinary support and a plan the State is required to deliver, it is reasonable to expect the young person to engage.

703. **Day one.** The young person can contact the YOS and within 14 days meets with a named adviser. The first substantive interaction is a participation conversation, not an incapacity assessment. It starts with what they want to do, what they can do, what is getting in the way and what support would make progress possible. Where health is one of those barriers, help can start immediately rather than waiting for a diagnosis or assessment: the young person can access digital advice, navigation and lower-intensity support through the YOS, with the adviser helping them use it where needed. Where disability-related costs are an immediate barrier, the adviser should also identify what financial help is needed to prevent those costs closing down the young person’s choices.

704. **Within four weeks.** They have one Participation Plan. It says what the young person and the State will do and by when. The Plan should identify the choices the young person wants to explore and bring together the opportunity, support and any flexible financial help needed to try them. Straightforward barriers should start being addressed: travel, identity documents, work clothes and application costs, equipment or adjustments. Health, housing, debt or family barriers have an owner and action has started.

705. **Within four months.** The statutory outer limit. Something substantive should be underway: a route that has been identified into further education, technical training, a pre-apprenticeship or apprenticeship, supported employment, work experience, structured civic activity or direct entry into work. Nobody should be left

waiting. Treatment or functional support identified as necessary to make the route possible should be underway too.

706. **By 6 months.** Those looking for work should benefit from hiring incentives being made available to employers that take them on.

707. **Through the first twelve months.** The adviser stays responsible. Support changes as circumstances change. If health fluctuates, hours, location or intensity can change rather than the plan collapsing. If a course or job starts to fail, the adviser intervenes before it is lost. Responsibility does not end at the first wobble. Where needs and costs remain changing or uncertain, financial help should also be able to change with the Plan.

708. **At twelve months.** If the young person remains NEET despite engaging, and paid work is realistically possible with support, the State guarantees a paid six-month job. Where needed, the adviser remains engaged, and ongoing support is provided.

709. **After eighteen months.** If the guaranteed six-month job does not progress into ongoing paid work, the young person works with their adviser to adapt their plan and try another education, training or employment route.

710. This is what putting the Guarantee into law should mean in a young person's life. One adult responsible. One plan. A real opportunity. The support needed to take it up and make it sustainable. A timetable the State has to meet. And a job at the end where work is possible and the market has not provided one. This is not another employment programme. It is a holistic participation deal to get more young people earning or learning.

711. This chapter is concerned with what that new offer means for the young person and with the entitlements and responsibilities that sit behind it. Chapter 7 sets out how the Youth Opportunity Service will be organised, how existing services will be brought together around it and where responsibility for the wider participation system will sit.

What is expected from every young person

712. The deal will only work if the young person co-develops the plan and is a co-signatory to it. Government needs to deliver its side of the bargain. The opportunity should exist. The support needs to be there. The adjustment needs to be made. The job has to be real. In exchange, young people who can participate should be expected to engage with their adviser, pursue the agreed plan and take up reasonable opportunities. Responsibilities have to sit alongside entitlements.

713. I recognise that the issue of benefit conditionality is a vexed one. Many favour more of it. Others point to evidence that the UK's relatively strident regime has not been

effective for those who face more barriers to work. The current welfare system applies full conditionality to some young people and virtually none to others.

714. That is neither fair nor effective. It is time for a rethink. The scale of what is planned here, including the statutory entitlements that young people will have both to enhanced support and to opportunity, change what the State can legitimately ask of young people. When the State provided little, it could ask for little. When it provides more, it can ask for more. As the opportunities for young people grow, so too should their obligations.

715. They should take three forms: be available for an agreed form of participation where able; make and pursue a Participation Plan; and do not refuse reasonable offers without good cause. These three obligations should be enshrined in a new duty to engage which young people receiving benefits should agree as part of their personalised Participation Plan.

716. These expectations apply where participation is possible. They should be suspended during serious acute illness or treatment, or crisis situations where participation is not realistic. They should not apply to people receiving Severe and Complex Needs Insurance (see below sections), because their profound and enduring disability means they will never be able to work or participate. What should not be acceptable for the overwhelming majority of young people is lack of engagement.

717. This is not intended to be a punitive sanctions regime. But there must be a backstop. A young person who persistently refuses to engage, after attempts to understand why and after reasonable routes to re-engagement have been tried, should ultimately lose their Youth Allowance benefit. Escalation should be calibrated carefully.

718. Before any financial consequence, there should be multiple attempts to reengage and understand what has gone wrong and update the Participation Plan: a different channel, a changed offer, and where there are any safeguarding concerns, a home or neighbourhood contact and involvement of a trusted person with consent. Any final sanction decision would sit outside the adviser's day-to-day relationship with the young person. Sanctions should be rare and reviewed regularly.

719. Under this settlement young people will have new entitlements both to an unprecedented level of support and range of participation opportunities. For those that could participate but do not do so they will not have the entitlement to simply draw benefits. A deal without consequences is not a deal.

6.5 A new benefits system for the under-25s

720. A clearer deal between young people and the State will not on its own deliver improved participation outcomes. Financial support needs to reinforce the same objectives as the Opportunity and Support Guarantees rather than operate alongside them.

721. I have considered whether those guarantees could simply be added to the existing benefits system. On balance, I do not believe they can. It makes major judgements about incapacity too early, provides different levels of support according to benefit status and too often leaves employment support disconnected from the financial help a young person receives. No welfare system is perfect, and previous attempts at benefit reform provide plenty of warnings about the risks of change. But preserving the present architecture and adding new programmes around it would leave too many of the existing faultlines intact.

722. There are lessons here from both our own experience and from abroad. Previous welfare reforms show the danger of replacing one rigid assessment with another, of making major changes before the support around people is ready, and of allowing an assessment process to become the organising principle of the system. Internationally, the strongest approaches tend to combine greater security for people with substantial and enduring needs with greater flexibility where needs change, and to distinguish between functional impairment and the additional costs it actually creates. Universal Credit, whilst right to bring several benefits under one appears to have unintentionally made the system more binary and rigid for those who want to work but face challenges in doing so or can't job seek in the short term. Contributing to many more people than intended being considered unable to work or even undertake work related activity. Whilst the introduction of PIP was intended to reduce benefit expenditure it actually resulted in increasing spend and has been labelled as unfit for purpose or inhumane by many who use the benefit. I have tried to apply those lessons here rather than reproduce the weaknesses of the present system under different names.

723. My conclusion is that the better course is a new benefits settlement for the under-25s built around three principles: basic financial security while a young person is moving towards participation; flexible support where health and disability-related needs are changing or could be reduced through treatment, equipment or practical help; and greater, more secure financial protection where extra costs are significant and ongoing or where participation is not realistically possible.

724. For too long policy-makers have relied on the conditionality stick in the hope that it can on its own deliver better outcomes for young people. I have concluded that it is not only what young people are offered and what they are expected to do that has to be reformed. Change also should extend to what they are entitled to receive in the way of financial support through the benefits system.

725. The proposed new system for young people is intentionally designed to replace the features of the current welfare model that trap young people in economic inactivity. For people claiming health and disability benefits, the system is fragmented and disconnected from the treatment, practical help and opportunities that could support greater participation. Critically, it forces binary decisions to be made and assesses eligibility by focusing on what people cannot do, turning judgements made before they have had the chance to try work or receive the right support into a life on benefits. Around half of people receiving health and disability benefits fear they would not get their support back if they tried work and it failed.

726. Within that fragmented system, PIP is being asked to meet too many different needs through one benefit and assessment model. Its flexibility enables some people to participate, yet recent research found that 80 per cent of disabled people surveyed feared even greater physical activity could put their support at risk.[514] This reflects three tensions PIP cannot resolve.

727. Long-term cash can meet barriers today but offers no space to discover whether practical support could reduce those barriers and open new possibilities;

728. Entitlement rests only on demonstrating functional limitation, so greater activity can appear to weaken eligibility even when the cash contributes to ongoing extra costs that make participation possible; and

729. Reassessment processes that may be required where needs change create insecurity for those whose costs endure.

730. The result is a benefit that is rigid and long term where flexibility is needed, insecure where certainty is needed, and disconnected where coordinated support is needed. If this Report's investment in support and opportunity is to transform lives, health and disability benefits must change with it. We need different forms of help within one joined-up system, reflecting the different ways needs can be met and barriers removed, reduced or overcome. The goal for everyone is greater participation, independence, choice and control.

731. The reforms that are proposed here are not surgical tweaks. Instead, they create an entirely new benefit system for young people. It will be a different system from the current one for over-25 working age adults, although the design features proposed here have implications for the Government's wider welfare reform ambitions.

732. In summary, to achieve this, I propose:

- a new single Youth Allowance for young people, set at the standard under 25 rate of Universal Credit with a higher amount for those living independently, This involves abolishing the Universal Credit Health top up, removing the need for the Work Capability Assessment and its premature binary judgment about capacity for work and instead providing young people with the new Youth Allowance and

guaranteed support and opportunities through the YOS to participate in learning or earning;

- a new local flexible Health and Disability Fund operated by the local YOS to contribute to extra costs while a disabled young person is receiving support to enable them into participation or during serious illness, injury or intensive treatment, or where longer-term needs are not yet clear
- a new Additional Cost Allowance to replace PIP, for young people whose disability-related extra costs are significant, established and ongoing. It would remain a government run, non-means-tested, health-care professional led entitlement. Eligibility would be more closely targeted at those with demonstrable extra costs for functional needs that are long term and enduring. The aim is to enable independence and participation, so the new YOS support system would normally continue alongside the payment
- a new Severe and Complex Needs Insurance, a more generous long-term award without a qualifying period, for the small minority of young people with the most profound and long-term disabilities, where it is already clear they will likely never be able to work
- reforms to actively reward and enable participation so that young people who participate will keep more of what they earn before their benefits reduce and those who take part in civic service will receive additional financial support.

733. Government should be ambitious about timelines. Young people entering the welfare system for the first time should move onto the new benefits system, with phased rollout starting within the lifetime of this Parliament, subject to legislation. The support and opportunity package should also be in place. Existing claimants will move to the new system once it is set up in their area and at the point that their scheduled reassessment is due, following a personalised, time-limited transition. During this time the Government could gather evidence of the young person's support needs in the 6 months leading up to that reassessment, to ensure that the appropriate support is put in place before the transition, including evidence of employment support needs and entitlement to payments including Severe and Complex Needs Insurance.

734. The design of this new youth benefits system would mean that instead of young people being set on an early path towards long-term benefit dependency, they will be actively supported into participation. Rather than an early judgement being set in stone they will be given time and help to overcome the barriers that prevent them participating. Instead of practical help with illness and disability being delayed for months on end it will be available within days or weeks. Instead of people with lower-level and changing needs being stuck on PIP, they will get the individual

support, flexible opportunities and financial help to have greater independence and move into participation. Instead of those with significant and ongoing extra cost needs having to go through repeat PIP assessment processes, they will get access to more secure financial help. And for those with the most severe disabilities instead of months long wait times, repeated reassessments and ongoing insecurity, they will be fast-tracked to long-term financial security.

735. We expect those with conditions such as anxiety, depression, ADHD and autism, who currently form the majority of new PIP claimants, will be particular beneficiaries of the new approach. In the current system young people with these conditions routinely end up trapped in economic inactivity, when under the new system they would be both expected and enabled to be in work.

736. I am not saying this will be easy or that these changes will be without pain. They could mean some people get less financial support at the beginning of their benefit claim than under the current system. But the approach I have taken is to try to define what would give young people the best chance of building a good life, not just over a year or two but over the course of their lifetime - under the current system a 24-year-old young person who has been NEET for six years could lose up to £300,000 in lifetime earnings even if they re-enter the labour market.[515] The debate on welfare has failed to address that key question. Instead, all too often it has degenerated into a false choice between toughness and compassion, between being "tough" and on the side of hard work and the taxpayer or "soft" and on the side of protecting vulnerable claimants and insuring them against any financial losses. For young people a different debate must be resolved - between whether the priority is their longer term life chances or just their immediate shorter-term finances. The current system prioritises the latter over the former. I believe that is the wrong choice. It needs to be the other way around.

737. Throughout the review, I have become more and more convinced that some of the benefits many young people receive in the current system, while often giving them higher incomes than their peers in the short term, are detrimental to their longer term life chances. The changes proposed here will make some young people less well off at first: the health element of Universal Credit is gone, and for many the settlement that replaces PIP would pay less cash, at least to begin with. But under the current system the young claimant stays on a low income, often for decades, sometimes in perpetuity.

738. Short term gains from getting benefits today incur long term losses in lost earning power tomorrow. Once young people get into the current benefits system they become increasingly trapped for protracted periods of time. That is doing lasting damage to their life chances. Of today's 24 year-old NEETs, 45 per cent have never had a job.[516]

739. The modelling carried out for this Review shows that these reforms are expected to help around 440,000 young people into sustained work by 2036. When the impacts of my reforms are considered together the net incomes of young people are expected to rise by over £2 billion and relative poverty after housing costs is estimated to fall by 50,000.[517]

740. The job of the welfare system is to gift young people a future, not simply write a cheque. The conclusion I have reached is that where there is a chance that the right support and right opportunity could change a young person's life the State should make that the first priority before giving them access to long-term benefits. Of course, the exception to that rule has to be in contributing toward ongoing extra costs where that enables a disabled young person to participate, or when there are young people with profound and long-term disabilities which mean paid work is not realistically possible.

741. They will need more not less financial and other forms of help, and they need it quicker so they don't have to jump through the dehumanising hoops of the current system. But for the vast majority of young people they need serious new investment in support and opportunity so they can earn a wage rather than simply relying on a benefit.

742. The reforms outlined in this chapter seek to implement this new approach. In the process they move the needle on the ratio spent on young people between income replacement and employment support. At present for every £25 we spend on benefits we only spend £1 on support.[518] As a result of these changes, within the next 10 years that ratio should be £2 to £1.[519] Welfare savings are expected from 2029/30, so that by 2036/37 their cumulative value is £13.7 billion.[520]The system I propose will spend less on compensating for economic inactivity, more on creating routes out of it; less on the consequences of failure and more on avoiding it.

743. I am unapologetic about advocating that the State should spend more to set young people up for a successful life earning or learning rather than spending decades with their sole income from benefits. That is the choice I believe is the right one for this and future generations of young people. In the remainder of this chapter I set out in detail the changes I advocate the Government should make.

A new timeline

744. The new system proposed here begins with changing the timeline for what happens when a young person with health or disability related challenges enters the benefits system. Currently they are subject to a Work Capability Assessment or PIP assessment. The Work Capability Assessment usually takes place within 3 months and determines whether they are well enough to be able to work. If they are, they get access to a basic income through Universal Credit which pays £339 per month.

[521]It brings with it some support to help them find a job and requirements on them to seek one. By contrast, if a young person is assessed with a health condition that is work-limiting they are moved onto a separate health route which brings a higher payment than the ordinary jobseeker rate, no participation requirements and little, if any, employment support. Once on a health or disability benefit it becomes hard to get off it. For example, PIP is not conditional on being out of work and many recipients do work. The concern is that some young people fear that changes in activity, independence or employment could affect an award or trigger reassessment. So recipients stick with economic inactivity rather than risking activity.

745. The present system makes a far-reaching judgement about capability and needs too early, then gives too little help or time to change the outcome. For most under-25s, the order in which the system works needs to be changed. The Work Capability Assessment and the Universal Credit (UC) health top up that goes with it should be abolished. No new work-capability test should take their place at the front of the system. Instead the first substantive interaction between a young person and the YOS will be a participation conversation, not an incapacity or disability benefit assessment. That interaction will take place within 14 days of a young person connecting with their local YOS service. It will be the start of a process to identify what is the best opportunity for a young person to participate and what support is needed to enable them to take it. This new process is intended to allow a sufficient period of time for every stone to be turned over to get young people earning or learning rather than being put on an immediate path to a life on benefits. The Opportunity and Support Guarantees mean that support and a real route towards participation can come first.

746. Young people will move at different speeds. Many should be able to find a learning or earning opportunity quickly. Others will need more time and support. While that happens, the Youth Allowance would provide basic financial security. Immediate or changing disability-related costs can be met through the local Health and Disability Fund; established and ongoing extra costs through Additional Cost Allowance and for profound and enduring needs, where paid work is not realistically possible even with support and adjustments, through Severe and Complex Needs Insurance. During periods of serious illness, injury or intensive treatment, like cancer treatment, young people should be able to pause support rather than completely detach from it and financial help should be provided where longer-term needs are not yet known.

747. For the vast majority of young people, the ambition is that this support will enable them to move into earning or learning and become more independent. For young people with conditions such as anxiety, depression, ADHD and autism, the system should begin with the expectation that the right health, employment, functional and

practical support can change what they are able to do and support them into earning or learning rather than trapping them on benefits. Of course, financial support can change for this group when the young person's needs become clearer, but any longer-term assessment which allows them to access health and disability benefits should take place only when the young person's circumstances and the evidence make it the right response.

A new Youth Allowance for most young people

748. The new Youth Allowance should provide a common means -tested income floor for eligible under-25s while they engage with their Participation Plan, whether or not they have a health condition. The allowance should be set at the current UC rate for people under 25. It should be higher for young people living independently, including care leavers and those who have experienced family estrangement living. The Youth Allowance is not a health benefit by another name. It is basic financial security provided alongside opportunity and support, never instead of them. It should normally cover the period while the young person's route is being built and they are working towards earning a wage or moving into education or training.

A new work allowance system to make work pay

749. A work allowance that allows young people to work part-time before their benefits reduce. This should be available for everyone in receipt of the Youth Allowance who is in employment. Today a young person without children or who has not demonstrated incapacity for work has no work allowance at all. That needs to change where full-time work is not yet possible in order to better make part-time work pay. Many young people who are NEET are likely to be able to work ten or fifteen hours a week initially with a view to progressing to full-time work later. I have heard recommendations from Sense that the welfare system must enable people to explore what is possible for them, and that trying work cannot be a financial gamble.[522] Yet for too many young people that is how the present system feels. If we want them to build hours and confidence, work has to be safe to try.

New more flexible help for young disabled people

750. Disability and serious ill health can create very different financial needs and barriers to both daily living and participation. Some needs may change through treatment, equipment, adjustments or support. Others will create significant extra costs that will endure. The new system should not try to meet all of those needs through the same mechanism. For under-25s, PIP should therefore be replaced by a differentiated system that is better able to respond to those differing needs directly. The Interim Report of the Timms Review has rightly concluded that PIP is

not fit for purpose and that both cash and services have a role to play in enabling disabled people.

751. Detailed gateway design needed for these changes will require further work, drawing on the lessons of previous disability assessments and international practice; this Review sets the principle and the intended protection, not a new assessment regime in full.

A local Health and Disability Fund

752. Where financial needs are immediate, one-off or may change as treatment or support takes effect, a new local Health and Disability Fund should allow decisions to be made quickly through the YOS, aligned to the young person's Participation Plan. It is not a fixed award based on an early account of limitation. It is part of a personalised package that can change with the young person's circumstances and choices and allows them to discover what will enable them to participate. It could for example pay for one-off aids and equipment or disability-related daily-living and mobility costs while the young person takes up support.

753. Costs should be met directly and quickly without the need for a long-term disability assessment. Local areas should have flexibility over how they use the Health and Disability Fund. By entrusting local advisers and their multidisciplinary teams to make these judgements, the right support should be made available to the right people much more quickly than before and may enable more independence. There is no space in PIP for one-off costs or extra-cost financial support to be met in this flexible way. By keeping these decisions local, the right financial support can change if the young person's needs change. This is the gap neither the current benefits system nor Access to Work adequately fills.

Additional Cost Allowance: a new national entitlement

754. Additional Cost Allowance should meet a different need. It would be a government -run, non-means-tested entitlement. It will replace PIP for young people whose disability-related extra costs are significant, well established and ongoing with support better targeted at the actual extra costs they face. Recent Resolution Foundation research found that 21 per cent of 16 to 24 year-old PIP recipients self-reported that they experienced little in the way of health-related limitations and incurred no additional costs.[523] By contrast, the new payment will contribute towards the costs of things that young people need like assistance, mobility, specialist transport, or other practical help required for daily living and independence. For some, financial support with these costs can make work or other types of participation possible. A government-run assessment gateway will make that judgement. Like now, it will not be about determining whether a young person is

"capable" or "incapable" of work. But the test will be clear that it is looking at whether the young person has significant extra costs that enable independence and participation and that daily-living or mobility needs are established and ongoing. Once that is clear the young person will receive the benefit entitlement regardless of participation status.

755. Support from the YOS to participate will continue alongside the Additional Cost Allowance. Starting education or work, increasing hours or becoming more independent would not reopen the judgment about whether those needs exist. Instead of full reassessment, light-touch checks should establish whether those enduring needs have materially changed, in line with recent recommendations from Mencap.[524] Where a young person does not meet the test for Additional Cost Allowance, the decision should identify the support that could address or change their needs and should be put in place by the YOS.

A new Severe and Complex Needs Insurance where paid work is not realistically possible

756. For a small minority of young people, even maximum support will not create a realistic route to participation. This might include, for example, young people with severe or profound and multiple learning disabilities or those whose disability means they require continuous, 24-hour care and support. For them, the proposed new system aims to provide security through a new Severe and Complex Needs Insurance, paying a stable, long-term income set above the maximum benefit rates available today. The aim is to get financial protection in place immediately. It should use clinical, education, care and other evidence the State already holds wherever possible, rather than putting a young person through a lengthy assessment to establish what is already known. As few people as possible should end up on this route. Intentionally it should be a very high bar. But even here, the YOS should not withdraw. People with these kinds of disability are often profoundly, structurally isolated, especially if they lack family or friends to rely on.

757. For young people on Severe and Complex Needs Insurance, the YOS should stay in contact, with no expectations about employment, to provide connection, community and access to the local services that can give life meaning and purpose. Employment expectations may fall away. Support should not.

A new approach for those aged 16 to18

758. Creating a distinct system for young people must not mean creating new cliff edges between childhood and adulthood. The purpose of the new youth system is to give young people the space and support to move into participation, wherever that is

possible. Every young person should have a meaningful opportunity to benefit from that, regardless of the age at which they enter or leave the youth system.

759. That means changes to Child Disability Living Allowance. Currently, it is available to young people from the age of 3 months to 16 years old who, because of a disability or health condition, need substantially more care, attention or supervision than a child of the same age, or have significant difficulty getting around. There are currently over 900,000 receiving Child DLA and numbers are rising year on year. About 77 per cent of Child DLA claimants graduate onto PIP by the age of 17.[525] This pipeline is one of the principal reasons why spending on young people's health and disability benefits is growing so fast. More importantly, the current system traps these young people by documenting what they cannot do and never asking what they could. The system incentivises maintaining an award instead of ensuring the right support. It risks putting them on a downward escalator to a life on benefits.

760. Under the new system I propose extending Child DLA to age 18, ending the cliff-edge that currently forces a fresh assessment at age 16. That two-year period should be used to actively prepare them for work and adult life instead of passively holding years of evidence about their condition, challenges and needs - and doing nothing about it. The YOS will instead use that evidence to help these young people build work and life skills and establish the advising relationship so that each young person enters the new youth system with a clear idea and a plan of what works for them. The YOS will work alongside the young person's school or college and the services already involved with them to coordinate functional, practical and participation support, rather than creating a parallel system around them. For young people whose needs affect their independence as well as their participation, this preparation should also help establish what functional and practical support they need and the nature of any ongoing disability-related extra costs.

761. The starting assumption for the vast majority of young people is that barriers to independence and participation can be addressed or reduced, rather than the young person needing permanent cash. But whatever the route, child DLA-level cash continues through the transition period and ends with it. The critical thing is that this new preparation period will mean that by the age of 18, every young person on child DLA has a clear plan for the transition into the new system agreed with their adviser and family.

762. Wider changes to child DLA are not within my review's terms of reference, but I believe serious consideration should be given to far reaching reform of Child DLA that works to the new settlement set out here. For many young people on child DLA the State could and should be changing the trajectory of their lives at a much earlier stage - from primary to secondary school, or when they are starting to focus on their

future options. The Government is working on its next steps for SEN and EHCP systems which impact many of these young people, so it is critical that child DLA reform complements those changes to give young people the support and opportunities they need.

Devolution

763. Delivering a system this personalised requires decisions and resources to sit closer to young people and their communities. It will, in the Prime Minister's phrase, mean a rewiring of the State: moving power out of Westminster and Whitehall to local places, and enabling local leaders to integrate public services around residents' needs. These proposals take a significant step in that direction by transferring substantial resources through the Opportunity and Support Guarantees and the Youth Opportunity Service to mayors and strategic authorities.

764. The Government should also keep under review further devolution of the benefits system where this would create a more personalised and joined-up system that gives young people the support they need to participate. That could ultimately include transferring to local areas, through strategic authorities, both responsibility and funding for young people's statutory entitlement to health and disability benefits. Young people could retain a statutory entitlement to have their needs for ongoing disability related extra costs met, while local services have greater flexibility over how best to do so in ways that support their participation where that is possible and reflects their individual circumstances.

765. Bringing funding for support and statutory entitlements closer together locally could enable resources to be used more flexibly and locally run services to be better aligned around people's individual needs, providing more personalised and joined up support to meet diverse needs. It would also sharpen incentives on local services to optimise the use of those resources to improve participation rates. Such a shift could be applicable to the over-25s as well as young people. The Government should consider these questions closely alongside the Casey Commission's work on the future of adult social care, including how support can become more integrated and preventative, give people greater power, and enable disabled people to live more independently.

Transitioning to the new system

766. These are wide ranging and fundamental changes to the benefits system. Together, they create a new system for under-25s that will be sharply differentiated from today's over-25s system. The aim is not only to better meet the pressing challenges faced by the under-25s but, critically, to better attune the system to the distinct needs of different cohorts within the NEET and at risk generation.

767. Two principles should govern transition. First, do not reduce existing financial help before the replacement support and opportunity are in place. Second, do not allow the complexity of reform to become an excuse for leaving young people indefinitely in a system that is failing them.

768. There are two groups of young people who will benefit from the proposed changes. Those who are already NEET and claiming benefits, and the flow of young people who are at risk of being so. I have considered whether the changes I propose should only apply to the flow. In some ways that would be easier and less politically contentious. But the overall impact on young people's life chances would be less. The fiscal benefits would also be lower and slower. Changing the rules only for new claimants of benefits would leave a large group in the old system for years. That would be especially perverse when the case for active support is strongest for those who have already been detached for the longest. A backlog of over 2 million people awaiting reassessments in UC already means many of them should have had their benefits reassessed several years ago.[526]

769. For these reasons I believe the new system should apply to both the existing group of young people who are NEET and claiming benefits as well as the future flow of young people who end up being NEET. In both cases, however, support and opportunity will need to be put in place before benefits change. For new claimants the reformed benefits arrangements set out above should apply once legislation has been passed to bring the new system, including the support and opportunity guarantees, into being. The sooner that is done the better. In the intervening period, work to establish the YOS and the core elements of the Support Guarantee will be underway. In other words, early investment in the infrastructure needed to help young people into work will start ahead of the benefit changes. I envisage that every area should have a YOS or equivalent service in place by 2029 and young people entering the welfare system for the first time should move onto the new benefits system, with phased rollout starting within the lifetime of this Parliament, subject to legislation.

770. For young people who are already claiming benefits, once the YOS is rolled out in their area and subject to legislation, a process of reassessment will need to take place. That should mean a personalised, time-limited transition beginning 6 months before their scheduled reassessment date for their existing health or disability-related entitlement takes place. At the end of this transition period, they will be reassessed for entitlement to the new youth benefit entitlements of Youth Allowance, the Additional Cost Allowance or Severe and Complex Needs Insurance.

771. For some young people, that transition should be very quick. Where the State already holds evidence of profound and lifelong needs that prevent participation,

the appropriate ongoing financial protection through the Severe and Complex Needs Insurance should be put in place quickly. These young people should not be left waiting to understand what the reforms mean for them personally or be required to prove again what the State already knows. For young people with established and ongoing extra costs who already combine PIP with education or work, transition should preserve the enabling financial support on which their participation depends. They should not have to interrupt participation or demonstrate economic inactivity to secure the appropriate entitlement under the new system.

772. For others, the purpose of the transition will be different. Their needs may still be changing, or the existing system may not provide enough evidence to establish what needs are ongoing and long term and what needs could be better served with support, treatment and opportunity to participate. The transition should give them the space to work with their adviser, explore their choices, take up treatment, employment, functional or practical support and try real opportunities.

773. Current health and disability-related payments should continue while the transition work is done, so nobody's income changes before the replacement support is in place. But the transition to a new system cannot be open-ended. Government should be ambitious about the pace of transition and set a maximum period of no more than five years to complete rollout and ensure no young person is left in the failing system for longer than necessary. Individual transitions will take place much sooner wherever the necessary support and evidence are already available. But a maximum period binds the State to complete the reform; it should not become a waiting period for the young person.

What will be different from the current system

774. These reforms are about prioritising young people’s participation. They refocus the welfare system to work. They move the needle so that there is less focus on providing cash through benefits that trap too many young people in dependency and more focus on providing them with greater opportunity and support so they can learn or earn.

775. Taken together, these proposals replace one entitlement with four. Today the only entitlement a young person holds is to a benefit. Under the new system they will hold an entitlement to opportunity; an entitlement to support, backed by statutory duties on the Youth Opportunity Service; an entitlement to cash for extra costs, where need is significant and ongoing; and, where participation will never be possible, an entitlement to long-term financial security.

776. The result is a deliberate exchange: less cash tied to proving incapacity, more immediate support to remove or reduce barriers, far greater opportunities to

participate, and stronger ongoing protection where costs are significant, established and ongoing.

Different journeys

777. A single example cannot capture the system because its point is that different young people need different things, in different orders.

778. Jordan, 19, has no health condition and leaves college without a plan. He registers online. His offer is light-touch: a profile, matched vacancies and apprenticeships, an application tracker and an adviser who steps in when an application stalls. Within two months he starts a logistics apprenticeship. For many young people, the Service should be this simple.

779. Aisha, 17, has moderate anxiety and depression and has received child DLA since 14. Her adviser becomes involved at 16 when her college attendance is falling. The first work is confidence and routine, followed by a supported college place, travel training and psychological therapy. Her child DLA continues until 18. Treatment and support continue as she enters the youth settlement, with help from the local Health and Disability Fund while her longer-term needs are assessed. Nobody asks her first to prove what she cannot do. They ask what she wants to do and what will make it possible.

780. Callum, 19, is autistic and has a learning disability. His route is agreed before he leaves education. His youth adviser works with a local hospital trust to identify a suitable role, carving out tasks that match Callum's strengths and arranging the adjustments, job coaching and in-work support he needs. He begins through a supported internship, rotating through placements before moving into a structured paid portering role. If the open market cannot sustain the role on standard terms, the YOS can put the employment support and, where necessary, state-backed paid opportunity needed to sustain his participation around him. If necessary, that can include escalating to a flexjob subsidy. The adviser stays involved so the first wobble does not become a lost job. If his extra costs are significant and ongoing, he would qualify for the Additional Cost Allowance.

781. Leah, 20, left care at 18 and has been sofa-surfing since a college course broke down. She is not claiming benefits and has drifted out of sight of the employment system. The YOS picks her up through the leaving-care relationship and local outreach. Her adviser first coordinates housing support, replaces missing identity documents, sorts travel and secures an income floor, then brokers work experience linked to a real entry-level vacancy. The employer uses the Youth Jobs Grant to create the job and the adviser stays involved through the first six months. Leah's problem was not lack of aspiration or a health diagnosis. It was that nobody owned the gaps between services. Under this settlement, somebody does.

782. James, 21, is diagnosed with testicular cancer. His medical team expect him to recover, but treatment is gruelling and for a period participation is unrealistic. His income is protected on clinical evidence while his adviser keeps the route back open and places no work expectation on him during treatment. If recovery takes longer, protection continues. If significant ongoing extra costs emerge, they can be considered for Additional Cost Allowance once they are established.

783. Priya, 19, is a permanent wheelchair user and wants to work in data analysis. Her significant and ongoing mobility and daily-living costs are already well evidenced, so the gateway decides once and maintains the Additional Cost Allowance. The YOS removes the friction around work: equipment is specified and funded before interview, accessibility is addressed with the employer, and part-time hours remain financially viable if she needs them because of the Work Allowance. Ongoing extra-cost support and employment support reinforce one another rather than sitting in different systems.

6.6 Achieving fiscal sustainability

784. These reforms are not designed by choosing an arbitrary savings target and working backwards to reductions in entitlement. Cutting benefits on its own moves relatively few people into work. For most, it simply reduces income. Sustainable savings come when benefit reform is combined with the investment, support and opportunities that enable more people to participate.

785. That means accepting an uncomfortable truth. A serious programme of welfare reform for young people may cost more before it saves money. But if it succeeds in increasing employment and reducing long-term dependence, those savings will be more durable than those produced by making crude cuts.

786. Around £8.1 billion is already spent each year on key benefits for young people. The wider annual cost of youth disengagement is estimated in my Interim Report at around £125 billion once lost output, scarring, foregone tax, benefits, health and wellbeing are considered.[527] So, while these reforms bring with them some upfront costs so does allowing the present course to continue. The difference is that the upfront costs proposed here pay back later.

787. The new system only works if it is funded through upfront investment in health and employment support, functional and practical support, the local Health and Disability Fund, expanded FE and pre-apprenticeship capacity, more apprenticeships, employer incentives, flexjobs, adjustments and better support for transitions. The fiscal test is whether higher investment now produces better participation, earnings and independence later.

788. While it will take time for fiscal savings to kick in, when they do they will be substantial and sustainable. I say that because the system that makes those savings happen is designed in such a way that youth participation is the goal not just for this generation of young people but those that follow them.

789. We estimate that these reforms will bend the cost curve of spending on youth health and disability benefits. Spending on youth health and disability benefits has risen from £1.7 billion in 2019/20 to £4.7 billion in 2025/26. They are currently forecast to rise again to £8.8 billion in 2036/37.[528] The proposed reforms are expected to lead to annual welfare savings of £3.6 billion in that year.[529] Beyond 2036/37 savings will not only continue. They will grow as more young people move from economic inactivity into work.

790. What is more, this is just the tip of a far bigger potential iceberg. While it is true that spending on young people's health and disability benefits is the fastest growing element of the overall benefits bill, they only account for 13 per cent of total working age claimants.[530] The overall bill for disability and incapacity benefits for working age people has risen from £37.7 billion in 2018/19 to £55 billion in 2024/25 – a real-terms rise of 46 per cent.[531] They are currently forecast to rise again to £68 billion in 2030/31.

791. The over-25 year-old part of the welfare system has been beyond the remit of this Review, but the design features of the system proposed here for young people could be applied to the older cohort of claimants. The Government should act with urgency to bring forward new proposals for a reformed welfare system for over-25 year-olds.

6.7 Conclusion

792. Welfare change alone cannot solve the NEET crisis. Education must prevent more young people becoming detached and focus more on ensuring young people have the aptitudes and qualifications to navigate the future world of work. Health should stop illness becoming a route into economic inactivity and make participation part of its core mission. Employers should do more to create first chances and change the way they recruit and retain young people. Strategic authorities should have new powers and resources to make the system coherent. But none of this will hold if the welfare system continues to make trying work riskier and standing still on benefits safer.

793. The present system has become too good at supporting young people once they are out of participation and not good enough at helping them get in. It writes a cheque but too often not a plan. It asks young people to prove what they cannot do, then leaves too many with little support to discover what they can. That is why the system is sticky, and why both life chances and spending are moving in the wrong

direction. The answer is not a crude benefit cut. Nor is it another employment programme bolted onto the existing system. It is a new deal. The State guarantees opportunity and the support needed to make it real. It protects the ongoing costs of disability, provides flexible financial help and gives stronger security to those who will never realistically sustain paid work. In return, young people are expected to engage with a route towards participation where they can. Responsibilities without real entitlements will not work either. For fifty years Britain has changed programmes, payments and assessments without changing the underlying settlement. We need to change course. The State has to be rewired to support work not welfare at every stage.

794. For too long, Britain has treated welfare primarily as a safety net, a system whose purpose is to replace income when people fall on hard times. That safety net remains essential. But for young people especially, it cannot be the entirety of our ambition. Young people are not returning to a labour market they once knew. They are trying to enter it for the first time. The State should help them make that first transition, not write them off before it has properly tried. It should help people climb onto the first rung of the participation ladder. It should be a springboard to a better future. That is what these reforms aim to achieve. A Welfare State that gives way to a Working State so that every young person has the chance to learn or earn.

Chapter 7: From Fragmentation to One Participation System

7.1 National promise, local responsibility

795. The central failure exposed by this Review is not a lack of effort on the part of young people. It is a lack of a system to provide them with opportunity and support. Britain has schools, colleges, Jobcentres, councils, health services, youth services, charities, employers and many programmes seeking to help young people. Many are staffed by people doing difficult work with commitment and skill. Individual institutions have not always adapted quickly enough to a changing world or to the changing needs of young people. But the deeper failure is one of architecture. Time and again during this Review it has become obvious that, while the NEET problem is chronic and worsening, there is neither a plan nor a system capable of dealing with it.

796. Critically, there is no common objective across state institutions, or for that matter amongst employers to ensure that all young people have the opportunity to participate: to learn or earn. There is neither a shared governance philosophy, nor coherent architecture to deliver that objective. Instead there is confusion over what the ends should be and fragmentation in the means that are being deployed. Solving the NEET crisis means that the State needs to get its house in order.

797. Today, the State sees only fragments of a young person's life. A school sees attendance and attainment. A college sees enrolment and completion. Employment services see benefit claims and job search. The NHS sees a condition. A council may see care, housing, safeguarding or family need. Employers see recruitment, readiness and retention. Each pursues its own objectives, separate one from another. But the young person experiences one life and most want one thing: a chance to work.

798. When the parts do not join up, the burden falls on the young person and their family. That burden is not evenly shared. A parent with confidence and time may ring the college, chase the appointment, arrange transport, speak to an employer and intervene when a placement begins to fail. Young people without that support are expected to coordinate the State for themselves, often when they are anxious, short of money or already losing confidence. For those with the greatest barriers, fragmented services are not an administrative irritation. They become another barrier to participation. The promise to a young person should not depend on which institution they happen to enter. If they are at risk of falling out of learning or work, somebody should know; somebody should act; and somebody should remain responsible until the next step is secure.

799. The problem is clearest at the boundaries between institutions. A pupil leaves school without a destination. A college course breaks down. A first job ends. Children's services stop at age 18. A period of ill health begins to pull someone away from ordinary life. Or a young person does not claim benefits and disappears from the principal employment-support system altogether. Too often responsibility moves at the same moment that the young person most needs continuity.

> "Does anyone else ever feel like they are part of a process rather than a person?"[532] - *Participant of workshops with disabled young people, Young People and Work Report.*

800. Employers experience the same fragmentation from the other side. A business willing to give a young person a first opportunity may be approached separately by a school, a college, Jobcentre Plus, a council and an employment provider, each with different schemes and paperwork. If the young person then begins to struggle, the employer may have no obvious place to turn. This is particularly damaging for smaller firms, which are often willing to recruit young people but have the least capacity to navigate public programmes or provide additional pastoral support on their own.

801. I do not believe the answer is another programme added to that landscape. Britain has many services for young people but no system responsible for whether they successfully make the transition into adult working life. The task now is to build a permanent participation system for early adulthood: one that is built around clear guarantees, organised around real places and accountable when a young person needs help. Central government should set the promise, standards and funding framework. Places should have the authority to organise services around their young people and labour markets. Public services should be required to deliver their part, and responsibility should continue until the route into learning or work is secure. The principle should be simple: one young person, one participation journey and clear responsibility for whether it succeeds.

802. Our country has never had a system dedicated to securing young people's participation in education, employment or training. It has had countless programmes and initiatives. There are individual pieces but no single jigsaw. What I propose below is a radical break from that fragmentation of the past. The scale of the challenge, nearly one million young people who are NEET, cannot be tackled by piecemeal efforts.[533] It needs a systematic approach. And a system to deliver it.

803. Below I set out how the new system should be organised and what it should do. The diagnosis is UK-wide, but the institutional answer will differ because education, skills, health and local government are devolved in Scotland, Wales and Northern Ireland. The architecture reforms outlined in this chapter are necessarily most specific to England, where strategic authorities and the developing devolution

settlement provide the institutional route. But the underlying principles should be applied across the UK: a clear guarantee, accountable local ownership, joined-up support, better use of data and continuing responsibility for the transition into work. Each devolved government should consider how those principles fit its own institutions and existing youth, careers and employment services.

804. Progress in England alone cannot deliver a UK-wide ambition. The UK Government and devolved governments should agree common definitions, a shared set of headline outcomes and a regular joint review of progress, while responsibility for the means remains devolved. They should also discuss if further decentralisation or alignment of reserved youth employment support would better match powers with accountability in each nation.

7.2 What has gone wrong: the system is not a system

Many institutions, no system

805. The Interim Report reached a simple conclusion: Britain has many institutions concerned with young people, but no participation system that is responsible for carrying them from education into working life. Education, skills, health, welfare, employment support and local government operate with different objectives, funding rules and accountabilities. Each can complete its own task while the overall journey of the young person still fails. The system manages programmes more readily than journeys. Funding and support are organised around institutions, age thresholds and eligibility categories, so young people can be required to repeat their story and start again when a course ends, a birthday shifts responsibility or a benefit condition changes. Employers face the same fragmentation from the other side: overlapping schemes, different points of contact and no obvious place to turn when a young recruit or placement begins to struggle.

The faultline at age 18

806. The sharpest fault line is at age 18. Before then, local authorities have duties to identify and track a young person’s participation. Beyond 18 there is no equivalent responsibility to know whether every young person is participating, find them when they are not or remain responsible for re-engagement.[534] The system can therefore lose continuity at precisely the point when a young person is moving from education into adult working life. A birthday should not bring the State's responsibility for a young person's future to an end.

Data is fragmented

807. Data is disconnected and information arrives late. Neither translate into action. Schools, colleges, councils, DWP, HMRC, health services and other agencies hold pieces of the picture, but those pieces do not routinely become a usable view of the individual. Warning signs such as persistent absence, exclusion, SEND, poor mental health, a failed post-16 start or unstable employment are often visible before a young person becomes NEET. What is missing is joined-up data and consistent responsibility for acting on it. A state that can know whether a young person attended school, claimed a benefit or paid tax should not lose sight of them when their route into adulthood begins to break down.

Confusion between what is run nationally and locally

808. There is an unresolved constitutional question about who is responsible for what and where decision-making best rests between the local and national. In the absence of clarity, confusion reigns. There is no national policy framework for dealing with the crisis in youth participation. Within central government, responsibilities are dispersed across at least five departments, with no formal mechanism to ensure a coordinated, joined-up response. Within departments, there is often further fragmentation, for example, adult skills funding sits separately from 16-to-19 funding. Local authorities have some legal duties but frequently lack both the fiscal headroom and authority over key institutions to drive a whole-system response. Meanwhile, many mayors and strategic authorities are new, do not cover the whole country and have ambiguous levels of control over key decisions.

Responsibility and accountability are misaligned

809. Where responsibility for young people's participation does sit locally, control is often elsewhere. Too many organisations hold part of the responsibility but too few have the power to hold the whole journey from education to employment together. A key reason why strategic authorities and councils are unable to bring this together locally is that major employment, skills and health budgets are commissioned through different systems and geographies. Responsibility without the funding, workforce, information and authority to act is not meaningful accountability. The consequences are greatest for young people who need several forms of help at once. Health, housing, transport, confidence, skills and employment barriers are too often handled as a sequence of referrals rather than one plan. Families frequently do the integration that public services fail to provide, which means fragmentation itself becomes a source of inequality for young people without strong family support.

Short-term funding

810. Successive governments have responded to youth disengagement by creating new initiatives, funding pots and eligibility rules. Many have done useful work. Too few have left behind stronger permanent capability. Places end up managing programmes when they should be enabling participation. Short-term funding compounds the problem. Youth and community capacity has been weakened while successive initiatives have been created, partially evaluated and then replaced. Trusted staff and relationships disappear with the funding cycle, and good practice spreads too slowly. There is no pooled cross-system funding stream dedicated to preventing disengagement from age 16 to 24.

811. What this all tells us is that the current architecture is part of the problem. It is organised around institutions rather than the journey into adulthood; programmes rather than people; activity rather than sustained participation; and crisis rather than prevention. Employers are largely excluded even though there can be no participation system without real opportunities for young people to participate. There is no coherent system, limited accountability, and no shared objective. The problem is not that nobody is responsible for anything. It is that nobody is responsible for the whole outcome.

7.3 Evidence of what works: place, trust and integration matter

812. No country offers a model that Britain can simply import. I do not suggest that it can. But I have seen first-hand what works and what does not. Labour markets, welfare systems and institutions differ. The strongest international and UK evidence points to the same lessons: identify and engage young people early; organise support around the person rather than the programme; give partners clear responsibilities within a shared plan; involve employers in creating routes forward; and combine national expectations with delivery organised around real places and labour markets.

813. The Netherlands is especially instructive because the architecture is visible in the young person's experience. The services that help young people into participation are locally controlled and attuned to the needs of local labour markets and communities. Municipalities have legal responsibilities to identify and re-engage young people who leave education without a basic qualification, working with schools, employment services and wider local partners.[535] Across the Netherlands' 35 labour-market regions, municipalities, the Uitvoeringsinstituut Werknemersverzekeringen (employee insurance agency), employers and education providers coordinate employment and skills support. [536] This infrastructure is now being strengthened through regional Werkcentra, whose joint services are structurally funded and being placed on a statutory footing.[537]

814. When I visited The Hague, I saw Jongerenpunt070 operating as an arm's-length, municipality-backed one-stop service, bringing together youth work, participation tracking, dropout prevention, employment support and routes back into education. It used data to find young people who had disappeared from education or work but did not rely on official letters or referrals. Staff went into neighbourhoods, made personal contact and started with the young person's circumstances rather than their status.

815. Once contact was made, one coach or case manager could stay with the young person, assess their whole context, agree a personal route into participation and remain alongside them after they entered learning or work. One phrase stayed with me: 'relationship goes first, system goes second'. Frontline staff also had discretion to solve immediate barriers such as transport, work clothes, equipment or a laptop rather than lose an opportunity while separate systems processed a request. The lesson is not to copy a Dutch institution. It is to put data, trusted relationships, practical discretion and clear responsibility in the same local service.

816. Denmark and France point in the same direction from different institutional starting points. Denmark's Bridging Programme combines vocational learning, work placements, mentoring and support. [538] France's Missions Locales combine personalised support, training and workplace experience with active mediation between young people and employers. [539] The institutional forms differ; the common feature is that the young person is not passed down a referral chain and expected to join the system up for themselves.

817. Better systems like those in the Netherlands and Belgium also treat employers as partners in shaping pathways and creating opportunities, not simply as customers waiting at the end of the process. Employer bodies, sector organisations and anchor employers can bring labour-market intelligence, shape work experience and entry routes, and help make the public offer usable for smaller firms.

818. Scotland's 16+ Participation Portal illustrates the role of data as operational infrastructure. Shared information on destinations, education, careers engagement and relevant benefit status is used by authorised partners to identify individual young people who have fallen out of a positive destination and to trigger support. The lesson is not that a database solves non-participation; it is that information has value when somebody is responsible for acting on it.

819. UK place-based models point in the same direction. JobsPlus, Youth Guarantee Trailblazers and Youth Hubs show the value of trusted settings, local coordination and support that can address several barriers at once. None provides a ready-made blueprint for the new system. But they show something important: support is easier to reach when it is close enough to be trusted, connected to local opportunity and organised so that somebody remains responsible for what happens next. The test

of reform is as much behavioural as organisational. Who notices risk? Who can act? How quickly does information move? Can services combine resources? Can employers navigate the offer? And does somebody remain responsible until participation is sustained?

7.4 Good foundations, but not yet a system

820. Government policy is moving in the right direction. The Youth Guarantee and its Trailblazers are testing more locally led approaches; the new Jobs and Careers Service is bringing employment support and careers advice together; post-16 reform is strengthening the role of strategic authorities; and wider devolution is moving towards greater local accountability. The Ten Year Health Plan sets expectations for ICBs to establish measurable outcomes on economic inactivity and unemployment.

821. These are important foundations. There are also valuable assets on which to build: local government participation teams, Jobcentre Plus youth teams, Youth Hubs, Careers Hubs, colleges, charities, youth services and trusted community organisations.

822. However, these foundations do not add up to a coherent and comprehensive system. They do not operate to one participation mission, one set of outcomes and one local plan, with clear routes for young people and employers. Furthermore, coverage is uneven, many initiatives remain time-limited and the offer still changes according to age, benefit status and geography. The next step is to turn these reforms and institutions into a permanent Youth Opportunity Service rather than add another layer above them.

7.5 New approaches: a new participation system

823. The next step has to be more radical than better coordination between existing programmes. Britain needs a participation system. That system must answer five questions clearly: what is a young person entitled to; who is responsible for helping them; who controls the money needed to act; what information allows the system to intervene; and who delivers the support. The new settlement therefore needs to bring together five things that are currently separated: rights, responsibility, money, information and delivery.

824. New statutory entitlements for young people. The Opportunity Guarantee will ensure that every young person has a tangible route into earning or learning. The Support Guarantee will ensure that a young person who is NEET or at risk of becoming so, including those with a health condition or impairment, gets the support they need to take up those opportunities. These Guarantees are described fully in Chapter 6.

825. A new Youth Opportunity Service (YOS) will operate in every part of England as the delivery mechanism for these Guarantees. The YOS will provide a common model, but it will be locally led so that the design and delivery of the service can meet the needs of young people, employers and local labour markets. It will identify young people before detachment becomes entrenched, understand what is blocking progress, agree with them a practical personalised plan and enable their participation. For employers it will provide one clear route into the system and one place to turn to when additional support is needed. A small central YOS function will do the things it makes no sense for every place to recreate: hold the common data and digital infrastructure, set standards and manage relationships with employers operating across multiple areas.

826. Strategic authorities in England will own the participation system across ages 16 to 24 within their areas, with local authorities remaining the local backbone and retaining their statutory responsibilities for 16 to 17 year-olds where they are performing effectively. Mayors will work through one shared Area Youth Participation Plan, agreed with their constituent councils, the NHS, education and skills providers, employment services, employers, the voluntary sector and young people. That Plan will be the vehicle for those institutions to align around shared objectives and to commit pooled resources. Performance will be visible. Strategic authorities will be able to commission YOS services from a range of providers.

827. Multi-year Participation Agreements between central government and strategic authorities will align money, powers and responsibility. They will bring together the devolved funding and authority needed to deliver the Guarantees, including employment support, skills and training, re-engagement and the local infrastructure behind the YOS. Health funding should be aligned through agreements between local ICBs and strategic authorities and binding directions on the NHS to collaborate with the local YOS. In the medium term as the Government's plan to allow greater sharing of local taxes takes hold, it will allow mayors greater control over how budgets - and any savings - are spent. In the meantime, Participation Agreements should be tested to allow places to share in the financial gains from preventing long-term youth economic inactivity. Fiscal devolution has to sit alongside devolved delivery if powers and responsibilities are to be fully aligned.

828. A shared participation data infrastructure will turn visibility into action. It will help places identify young people who are NEET or at risk, support one plan across services and connect the support provided to sustained outcomes. Without it, the Guarantees cannot be enforced, cases cannot be joined up, and nobody can know whether the system is working. Data is part of the service itself, not a reporting exercise alongside it.

7.6 New guarantees: opportunity and support

829. The Opportunity and Support Guarantees set out in the previous chapter provide the entitlements at the heart of the new system. The Opportunity Guarantee creates an entitlement to a credible route into learning, training, work or other agreed participation. The Support Guarantee creates an entitlement to the practical, employment, health and functional help needed to make that route possible. The purpose of this chapter is not to restate those entitlements, but to set out the machinery through which they will be made real.

7.7 A Youth Opportunity Service: one route through the system

830. Chapter 6 describes what the Youth Opportunity Service (YOS) should mean in the life of a young person. The task here is different: to explain how the Service fits into a single participation system. The YOS is not intended to become another institution alongside the existing landscape. It is the means by which that landscape is made to behave as one. Different organisations may continue to provide education, health, employment, welfare and specialist support, but the young person should no longer be expected to navigate the boundaries between them.

831. The YOS is responsible for making sure that a young person who is outside education or work, or at serious risk of becoming so, has a route back into participation. It brings together employment, careers, participation, health and practical support, including that provided by different organisations, and makes them operate around one young person and one plan. It provides a clear route into support for young people, a clear route into the system for employers and a named relationship where more sustained help is needed. Its job is to identify what is preventing participation, bring the right opportunity and support together and remain responsible for making sure the young person's route into learning or work moves forward.

832. In practical terms, the YOS will perform the same core functions everywhere. It will find young people whose participation is at risk rather than waiting for them to present in crisis. It will ensure that they have the advice and support that they need to identify jobs, apprenticeships, courses, work experience and other opportunities that match their ambitions and circumstances. Where more sustained help is needed, a named adviser will work with the young person to agree one Participation Plan and bring together the employment, careers, skills, health, disability and practical support required to make it work.

833. The YOS will not itself provide every service a young person needs. Its responsibility is to make sure those services join up around them. Where health is a barrier, the

adviser should help the young person access it, connect them quickly to the right digital, community, vocational or clinical support and follow up where progress stalls. A referral elsewhere should not mean the YOS steps away.

834. The same principle should apply once a young person enters education, training or work. The job is not finished when an opportunity is found. Where support is needed to sustain it, the YOS should remain involved, helping resolve problems with transport, confidence, health, disability, workplace adjustments or other practical barriers before a placement, course or job breaks down. Success is sustained participation, not simply a referral or a start.

835. The YOS will be locally led and organised differently in different places. It will draw on staff and services from local authorities, the Jobs and Careers Service, Careers Hubs, health services, colleges, voluntary organisations and other providers. They do not all have to sit in one organisation or one building. What matters is that, from the perspective of the young person or employer, they operate as one coherent service with common standards, shared information and clear accountability.

836. The YOS will not case-manage every young person. Most young people will make the transition into further learning or work without intensive help, and schools, colleges and other services will continue to discharge their existing responsibilities to ensure that this happens. The YOS offer should be proportionate to need: universal information and access for all; more active help when a transition begins to falter; and a named adviser and coordinated support for those at greatest risk of becoming, or remaining, detached. Its purpose is to make sure that nobody who needs help is left without somebody responsible for what happens next.

837. In some cases, the relationship will begin before a young person becomes NEET. Between the ages of 14 and 16, schools will remain the principal institution supporting young people and retain responsibility for the pupil; the YOS will not create a parallel case-management system. Its role will be to support prevention where risk is emerging: bringing careers and employer exposure, early identification, specialist transition planning and a route into wider help before disengagement becomes entrenched.

838. Between the ages of 16 and 17, local authorities' existing tracking and participation responsibilities will form the local backbone, with the YOS actively contacting young people whose intended destination does not begin or where it starts to break down.

839. From age 18 to 24, the YOS will become the principal route for young people who are outside education and work or who at serious risk of becoming so. This extension to age 24 is a fundamental change. At present, the State's responsibility to know, track and act largely falls away after age 18. The changes proposed here will carry that responsibility through the transition into adult working life, closer to

the best international systems. Turning age 19 will no longer mean that a young person can disappear from a route into learning or earning.

840. Careers support will be a core YOS function, not a parallel architecture. The place-based youth careers and employer-brokerage functions currently delivered through the Careers & Enterprise Company's Careers Hubs will transfer into the YOS, bringing their employer relationships, local labour-market knowledge and delivery capability into one participation service. The relevant staff, funding and local employer-brokerage capability will move with those functions. Schools and colleges will retain their responsibilities for careers education and guidance, with the YOS providing the infrastructure around them. Digital support for all ages will continue through the new Jobs and Careers Service 'Work Hub' tool, which brings together AI-enabled job search, labour-market information and careers advice. Rather than duplicate this for young people, Work Hub and the YOS will join up so that young people can move easily between them. There will be no wrong front door for jobs, careers and skills support.

841. How the YOS feels will matter as much as where it sits. Too many young people have experience of services that feel institutional, transactional or designed around the requirements of the organisation rather than the person using them. The YOS should be different. Its physical and digital services should be designed with young people, be welcoming, accessible and non-stigmatising, and wherever possible operate through places and organisations young people already know and trust.

842. A young person should be able to walk in, go online or be introduced through another trusted service and feel that they have arrived at the same Youth Opportunity Service. They should not have to understand which organisation employs the person sitting in front of them or start their story again because they have moved from digital to face-to-face support. The test should be simple: does the young person feel there is somewhere they can go, somebody who knows them and somebody who will help rather than pass them on?

One front door for young people and employers

843. One front door must mean genuine simplification, not another service added to an already crowded landscape. The YOS should replace the maze of separate public-facing routes through which young people and employers currently have to navigate employment support, careers, participation services and employer brokerage. Existing programmes and specialist services may continue behind the scenes where there is a reason for them to do so, but the young person or employer should not need to know which programme, department or funding stream sits behind the help they receive.

844. That will require rationalisation as well as coordination. Youth-facing employment support, local participation services, careers and employer-brokerage functions and the existing Youth Hub infrastructure should increasingly operate through a common YOS model, with duplication removed as the new service becomes established. National schemes should be accessible through the same route rather than creating additional front doors of their own.

845. One front door does not mean one building. Young people should still be able to enter through a school, college, Youth Hub, health service, community organisation or online. It means that whichever route they use, they enter the same service, with the same standards, shared information and a clear responsibility for what happens next. For employers the principle should be identical: one place to offer a job, apprenticeship, placement or work experience; one route to financial and practical support; and one source of reliable advice on issues such as safeguarding, DBS requirements, insurance, workplace adjustments and supporting a young person to remain in work.

846. Entry to the local YOS will be possible through a variety of routes, via schools, colleges, councils, health settings, youth organisations, housing and justice services, self-referral and family referral. Every young person will be able to access a physical service within a reasonable travel time from home, building on existing infrastructure including the Youth Hub network.

847. The digital presence of the YOS should be strong, reflecting that an online search will be the first port of call for most young people seeking support. There should be a simple front door to the online offering, so that no young person looking for support is confused about where they should go. While areas should tailor their digital YOS to local needs, the design of this should be simple and intuitive, keeping users engaged and signalling the quality and credibility of the service. The digital YOS should mean that a young person doesn't need to schedule an appointment to take the first step towards receiving support, but it should also make finding out who they can speak to as straightforward as possible.

848. The local YOS need not be a single public-sector delivery organisation. A local authority may be best placed to lead in one area; elsewhere a charity, college, social enterprise or a football club community foundation could be commissioned by the strategic authority to operate the YOS in a specific area or for specific groups, provided it can meet the required guarantees and standards. In practice the Youth Opportunity Service will comprise a diverse and mixed economy of providers. The objective is not to replace one national monopoly with a local one. It is to create a coherent system of trusted and specialist provision around one accountable service, with local partners empowered to make decisions based on what will work for their young people, employers and communities. In some places the visible

front door will be a Youth Hub; in others it may be a neighbourhood organisation, college or council base. The delivery vehicle may differ. The guarantees, operating standards, safeguarding, data requirements and accountability will not.

849. Whatever the local delivery model, each Youth Opportunity Service will need exceptional leadership. Each strategic authority will appoint or designate a single senior lead with clear responsibility for the coherence and performance of the YOS. This cannot be treated as a conventional service-management role. The YOS leader will need the authority, credibility and judgement to bring together organisations with different cultures, incentives and accountabilities and make them operate as one service around the young person. They will need to command the confidence of local government, the NHS, education and skills providers, employers, voluntary organisations and young people themselves; to challenge institutions when they retreat into organisational boundaries; and to intervene quickly when responsibility is unclear or a young person is at risk of being passed between services.

850. The YOS leader would not replace the accountability of individual institutions for their own functions, nor the strategic authority's accountability for the overall participation outcome. Their job would be to turn shared responsibility into collective action and make sure the YOS works as one service in practice, however many organisations are involved in delivering it.

851. The test of that leadership should be outcomes, not organisational activity. The YOS leader should be accountable for whether young people at risk are found early, whether help starts quickly, whether the different services around a young person actually work to one plan, whether employers have a straightforward route into and through the system, and ultimately whether more young people secure and sustain participation. They should have the freedom to challenge poor practice and reshape local delivery where it is not working.

852. Employers need the same simplification. The YOS will be the local front door through which businesses can offer work experience, placements, apprenticeships, supported jobs and entry-level roles. It will understand local labour demand, convert employer offers into usable routes, prepare and match young people well, arrange adjustments and practical support, and provide one named contact if a placement or job begins to falter. Universal work experience will be brokered through this local infrastructure so that access does not depend on parental contacts.

853. Each YOS will need to have a deliberate outreach model to ensure that young people are identified and engaged, particularly if their route to participation falters. Youth work and youth services have a key role to play, as I saw first-hand in the Netherlands. Contact must be proactive, persistent and personal. The Government's National Youth Strategy sets out plans to rebuild youth work,

empower local areas, invest in refurbishing and building new youth spaces and create up to 50 new Young Futures Hubs.[540] This is welcome. The locally led Youth Opportunity Service will draw on and join up with these community-based services so that young people can be reached and supported in places they go and through people they trust.

A small central backbone for a locally delivered service

854. A small central YOS function will support local delivery in England. It will provide a common digital front door and information about the Guarantees. Its job is to set common standards for entry, the participation conversation, the plan, the named relationship where one is needed, safeguarding, handovers and the recording of outcomes.

855. Some capabilities work better at scale: relationships with major employers and providers operating across several areas; common definitions and requirements for participation data; workforce standards, induction and training; and a way of spreading learning quickly across the country. The What Works Centre for youth employment, Youth Futures Foundation, should provide the independent evidence base for that system: drawing together international and domestic learning, translating evidence into practical tools and standards, supporting areas to evaluate and test new approaches, and helping government and places judge when an intervention is ready to scale. Its role should complement, not replace, operational improvement support or democratic accountability. The central YOS function should then ensure that this learning is translated into practice across the system.

856. The central YOS function will be governed as a small cross-government function rather than a separate delivery organisation. It will work across the relevant departments, supported by a coordinating team. The centre should remain deliberately small. Its purpose is to provide the common infrastructure that places cannot sensibly reproduce for themselves, not to manage local delivery from Whitehall.

7.8 Universal in promise, local in organisation

857. Youth non-participation is a national crisis, but it is lived locally. Its causes differ between places. In one area, weak transport and a shortage of accessible jobs may dominate. In another, poor mental health or the decline of traditional entry-level sectors may be central. Some places have strong employers but fragmented public services. Others have effective councils and colleges but too few opportunities in the local economy. A one-size-fits-all programme designed around an average place will fit none of them well.

858. Whitehall cannot organise this system from the centre. The new system must be universal in promise and local in organisation. Government will define what every young person can expect. Places will determine how the offer is assembled. Accountability will sit with the body that has the powers to change the system. Decisions should be taken at the lowest level capable of delivering the outcome, with central government doing only what genuinely needs to be done centrally.

859. Central government's role is to steward the participation system in England: set common outcomes, standards and entitlements; provide sufficient powers and multi-year funding; establish the legal and data framework; require public services that are not devolved to cooperate locally; monitor equity and performance; support improvement; and intervene where there is persistent failure.

860. Whitehall departments will be collectively accountable for whether policy in England enables local systems to deliver. This is a different role for central government, and it will require different capabilities to support local government and wider partners. Whitehall cannot ask places to own a shared problem and deliver shared outcomes while departments keep running separate programmes into the same communities, each with their own rules, governance and measures of success. DWP, DfE, DHSC, MHCLG, DCMS and others will need to work to one new youth participation framework. Devolution cannot succeed if Whitehall remains fragmented while asking places to integrate. Government needs to join itself up before it can credibly require places to do the same.

861. A cross-government problem requires authority that can reach across departmental boundaries. At the heart of government a dedicated central coordinating function should bring DWP, DfE, DHSC, MHCLG, DCMS and other relevant departments together around one implementation plan, track progress against the same outcomes and resolve barriers that cannot be solved locally.

862. Better alignment between policies, programmes and departments will enable the bigger change that is the foundation on which the new youth participation architecture in England will be built: the devolution of delivery responsibility to strategic authorities.

A clear division of responsibility

863. Mayors and strategic authorities, or an agreed equivalent arrangement where the devolution architecture is still developing, will become accountable for the coherence of the overall 16 to 24 year-old system. They will be the strategic commissioner of local YOS services, responsible for ensuring that the Opportunity and Support Guarantees are delivered and will ensure that all young people can make successful transitions into education, employment and training. They will not employ every member of staff or deliver every service themselves. But they must be

responsible for making sure the system works as a whole: that young people are identified, the Guarantees are delivered, gaps between services are closed and local provision adds up. Central government, in turn, must be accountable for whether the national framework, funding and non-devolved services make that local responsibility possible.

864. To support this, they will assess the needs of the NEET and at-risk cohort, prepare a local Area Youth Participation Plan, map demand and opportunity for education, employment and training (building up from local authority-level assessments of sufficiency), align employment, skills, health, transport and wider support, coordinate local employers and public-sector anchor institutions, commission provision and hold the delivery system to account. The Plan should remain an operating document, not become another local strategy. It should show where young people are being lost, what opportunity and support are required, what resources are available, what each partner will do and who is accountable for the result.

865. One organisation cannot deliver everything. The growth in the number of young people who are NEET is multi-causal. Many organisations have a role to play in reducing NEET rates. DWP will retain key functions but will need, for example, to share data, align referrals and integrate support for young people within the local YOS. Schools and colleges will need to identify risk and support transitions; the local NHS will be accountable for the health contribution to the Support Guarantee; and housing, social care and justice services will play key roles in supporting many disadvantaged young people. Local authorities will continue to have specific duties for 16 to 17 year-olds, to identify and track young people and to ensure that they are in education, training or a job with training until their eighteenth birthday. They will also retain their duties to identify and track young people with Education, Health and Care Plans to age 25. Each will be under a duty to work with strategic authorities to improve participation outcomes for young people. In the case of the NHS in England, as described in the Health Chapter 5, that will involve new legal duties. Legislation will also codify the duties that strategic authorities and local authorities in England need to discharge in the new system. Individual institutions will therefore remain accountable for performing their own functions, while the strategic authority will be accountable for ensuring that those functions add up to a successful participation system.

One Area Youth Participation Plan for each place

866. Every strategic authority, or equivalent lead arrangement in England, will publish an Area Youth Participation Plan covering ages 16 to 24 and linked to prevention and destination planning from key stage 3. The Plan will be co-created with local employers, local authorities, the local NHS, schools, colleges and training

providers, the voluntary and community sector and young people. Young people and employers will be partners in shaping the plan, not consultees brought in after the important decisions have been made.

867. The Plan will set out how the Opportunity and Support Guarantees are delivered locally. To do that it will identify who is NEET, inactive, hidden, at risk or not known; the main causes and transition points; inequalities affecting disabled young people and other priority groups; the sufficiency and suitability of education and training provision; local labour and skills demand; and the opportunities available from employers and public institutions. It will identify the help employers can call on if a young person in a placement or job begins to struggle. It will combine administrative data with local intelligence about why routes are breaking down and what young people are trying to move towards. It will also estimate how many young people are likely to need universal, targeted and intensive support and whether the local workforce and provider base can meet that need. It will connect participation to transport, regeneration, housing, procurement, public investment and inward investment so that youth participation is part of the growth strategy of the place, not a separate social-policy plan.

868. The Area Youth Participation Plan will also identify which current activities and programmes should stop or be streamlined. Existing programmes, contracts, hubs and provider relationships will be assessed against the new service model. Effective provision will be incorporated; duplicative or weak provision ended or redirected. Reform must leave a simpler landscape, not a new layer sitting above the old one.

Priority cohorts: closing the participation gaps

869. Every Area Youth Participation Plan will contain three mandatory priority-cohort sections focused on the young people facing the greatest barriers to participation. These are not separate plans, programmes or services. They are the means by which a universal guarantee is made equal in practice. Each section will identify the size of the cohort, the participation gap, the points at which young people are being lost, how they will be identified and reached, the specialist support and employer opportunities required, the accountable lead and a published trajectory for narrowing the gap.

870. The first will cover disabled young people, young people with SEND and those with serious or long-term health conditions. The second will cover care-experienced young people and those carrying significant caring or parenting responsibilities, including care leavers, young carers and young parents. The third will cover young people who are hidden, excluded or facing multiple disadvantage, such as those facing homelessness or family crisis, young people in or leaving the justice system,

and those with repeated or long NEET spells. Each cohort plan should demonstrate how employment and participation gaps will be closed.

871. As I set out in my Interim Report, there is stark variation in the NEET rate between different ethnic groups, and where local data show persistent disparities between ethnicities then the Plan should address those disparities explicitly. However, a key challenge is that data by ethnicity are often limited, particularly at regional and local levels. The Race Equity in Employment Task Force highlighted the need for more systematic collection and publication of ethnicity-disaggregated data to monitor participation and outcomes and to identify where inequalities persist[541] It will only be possible to address racial disparities with better data and therefore the Government should also ensure that all major NEET datasets routinely collect and publish ethnicity breakdowns going forward.

Outcomes and accountability

872. Success should be judged against two tests: whether the system delivers the opportunity and support it promises, and whether more young people enter and sustain participation in education, employment or training. The measures will connect the offer made by the system with the impact felt by the young person rather than treating support and destinations separately. They will also show whether the gaps faced by the three priority cohorts are closing, not simply whether the headline NEET number is falling. A place cannot be judged successful if its average improves while the young people with the greatest barriers are left behind. A published set of Youth Participation measures will report these outcomes publicly and consistently.

873. Central-local performance reviews will take place at least every six months through the Integrated Settlement process or equivalent arrangements. Each review will consider the published participation measures, agree any improvement action and identify barriers that require central government action. The findings will feed directly back into the new co-ordinating function at the heart of government.

874. Escalation should be graduated and transparent. It should begin with improvement support and peer challenge, move where necessary to enhanced assurance and directed changes to governance or commissioning, and only in persistent and serious failure result in temporary transfer or reallocation of responsibility. Learning must also travel back up the system. Where places repeatedly encounter the same national barrier, central government must be prepared to change its own policy, funding rules or operating requirements. Devolution will fail if Whitehall demands local integration but remains unwilling to change itself.

7.9 Responsibility must come with power and resources

875. The new system cannot work if responsibility is local but money and power remain in Whitehall. Radical devolution of powers, responsibilities and resources is needed. Too often in the past devolution has felt tokenistic precisely because the three have not been put together as one. This is new terrain for public policy, but it is consistent with the Government's wider approach to distributing power out of Whitehall and rewiring the State.

876. The locally controlled participation system, led by strategic authorities and delivered through local Youth Opportunity Services, will show how a new devolved settlement can deliver a core public policy objective: major improvements in youth participation. In England, government will bring together current funding streams that support participation in education, skills and employment and devolve those resources through area-based Participation Agreements. Each Agreement will define the outcomes for which the strategic authority is accountable, the powers it can exercise, the funding and controls, and the duties, safeguards and operating practice to be followed.

877. The devolution landscape in England is moving rapidly, with significant changes to the structures, organisation and relationship between central, strategic and local government under way. The Government's ambition is to ensure every area in England has, or is in the process of establishing, a strategic authority by the end of 2027, with strategic authorities in place everywhere by the end of 2028. Further devolution of powers will follow, alongside changes to the Integrated Settlement and the Government's plans to replace some grant funding with a share of local income tax receipts. Because different strategic authorities are at different stages of development - some are new, some long established - greater responsibility for improving youth participation will need to be staged. I propose that all Established Mayoral Strategic Authorities (EMSAs) are eligible for full Participation Agreements straight away, with Agreements for other Mayoral or Foundation Strategic Authorities put in place either against specific readiness criteria or as and when they become EMSAs.

878. The ambition should be that by 2029 at the latest, every strategic authority in England has a Participation Agreement, matching the pace of their formation. For areas in England that are not ready to agree a full Participation Agreement, I propose that they nonetheless develop Plans for their areas, co-designed with councils, employers, young people and other local partners as set out above; join up services; and commission additional specialist support.

879. This will ensure that in every part of England, including places where the devolution architecture is still developing, young people should be able to access the new youth participation system by the end of this Parliament. A young person should not receive a weaker offer because local governance is evolving or because their

area does not yet have the fullest strategic authority model, and government should consider prioritising capacity and capability support for those local authorities with higher NEET rates so that they are not left behind.

The Participation Agreement

880. The Participation Agreement is the deal between the centre and the place: responsibility in return for power, money and flexibility. Central government will set the national outcomes, entitlements, safeguards and accountability framework. The strategic authority will accept responsibility for making the local participation system work and, in return, receive the funding, powers, data, commissioning freedoms and ability to align services needed to deliver. Places cannot reasonably be held accountable for an outcome unless they have the means to change it.

881. These Agreements will be anchored in the outcomes, objectives and guarantees set out above, while giving local areas the flexibility to commission services in response to local needs and circumstances. They will be a partnership between local areas and central government: neither 'command and control' nor 'devolve and forget'. Funding will be flexible enough to shift resources towards prevention and respond to changing need. The strategic authority will be able to move resources across prevention, outreach, skills, health-related barriers, employment support and employer brokerage, provided it continues to meet guarantee requirements and minimum standards.

882. During the course of this Parliament, Participation Agreements will be the mechanism through which funding for commissioned employment support, skills and training for people aged 16 to 24, and support to engage young people who are not in education, employment or training is devolved. In England, these responsibilities are currently shared by DWP and DfE. This will bring powers, funding and responsibility for youth participation together.

883. Not every service or budget needs to be fully devolved. The operation of the benefits system, for example, will remain a central government responsibility. Where funding is not transferred, the Participation Agreement will require services to operate to common objectives, referral routes, standards and outcomes. It will allow pooled budgets, joint commissioning, delegated authority, common specifications or a lead commissioner where separate funding boundaries obstruct delivery.

884. Funding must also be multi-year. Current annual funding cycles provide no certainty for longer-term commissioning. Local organisations cannot build relationships or retain skilled staff through a revolving door of annual grants. If a permanent local infrastructure for youth participation is to be built, funding needs to be allocated for a minimum of three years in line with Spending Review periods.

Places need to know the core resource available to meet the promises government is making. They should not have to prove at each spending round that youth participation deserves to exist. This is a major shift in how public policy addresses a long-term structural challenge.

885. Participation Agreements must also better align fiscal incentives with long-term outcomes. Under current fiscal arrangements a place that prevents long-term youth economic inactivity could reduce nationally managed benefit expenditure without necessarily being able to share directly in the savings. Conversely, weak local performance can increase costs to central government. In order to sharpen incentives to improve local delivery strategic authorities need more financial skin in the game than current arrangements allow. When they improve youth participation and reduce the local NEET level, they should share in the financial benefits. This would take fiscal devolution a stage further than in other areas of public policy.

886. I propose testing a youth participation fiscal agreement in the first wave of Participation Agreements between central government and the more established strategic authorities. If a gain-and-pain share model works, it should become a core part of future Agreements. It will require an independently assured, needs-adjusted baseline for relevant participation outcomes and centrally managed expenditure over a multi-year period. If sustained participation improves and associated central government expenditure falls against that baseline, an agreed share of evidenced savings will be available for reinvestment locally in prevention and participation support. Where the reverse happens and independent assessment shows that local performance has increased national public spending, the relevant strategic authority will face capped local contributions, reduced financial flexibilities and possible intervention to remedy the problem.

887. Over time, the Government's commitment to fund more local services from the proceeds of income tax rather than central government grants will change the role of Participation Agreements. As strategic authorities come to rely more on locally generated tax revenue, they will have a stronger financial incentive to reduce local economic inactivity and get more young people into work.

7.10 Data that turns visibility into action

888. The warning signs that a young person is at risk of becoming detached are often visible, but in different parts of the system. Persistent absence may sit in a school register, a health problem in a GP record, a care placement in a council file, a benefit claim in a DWP system and employment or earnings information in HMRC data. Much of the information already exists, but in fragments. What is missing is

the legal route, ethical framework, common standards and shared infrastructure needed to turn those fragments into timely action.

889. The YOS will not work unless data that is currently dispersed across many organisations is properly integrated. The aim should be to move from fragmented, retrospective and often aggregate information to timely, safeguarded data that can identify a young person who may need help, support coordinated delivery and show whether the system is working. The Data and AI for Work and Health prospectus prepared for the Keep Britain Working review shows how much can begin under existing law and where the gaps remain.[542] Closing those gaps requires government to act as one. It should set a civic purpose in statute: to make a timely, voluntary offer of help, not to gain unrestricted access to a young person's life. Around that purpose, it should open a narrow gateway for the minimum information needed, build secure systems that keep individual support separate from protected analysis for planning and evaluation, and create a legal firewall so that what is gathered to help a young person cannot be reused for benefit sanctions, recruitment screening or unrelated policing. Where the young person is a child, their best interests must be a primary consideration throughout. With those foundations in place, the country could identify who is at risk, coordinate support around them and learn what works, for whom and where, with success judged by lives improved, not datasets joined.

890. Data only matters if it leads to human contact. The Dutch experience makes that principle concrete: tracking information is used to identify young people who have disappeared from education or work, but outreach workers then go into neighbourhoods to make contact. The same rule will govern the architecture here. Better data must trigger a named action by a named service, not simply produce a better dashboard.

891. Government will establish the conditions for a new shared youth participation data architecture built around individual-level information. Where lawful and proportionate, it will bring together education and skills participation; attendance, exclusions, attainment and SEND; apprenticeships; benefits and employment-service engagement; employment and real-time earnings; health and disability-related barriers; and relevant information held by local services including social care, housing, youth justice and youth support. Government has made positive steps towards delivering this ambition through the new data sharing approach for the Local Apprenticeship Service and its Jobs and Upskilling Data for Employment (JUDE). The new youth data infrastructure should be built on these foundations.

892. The architecture will support four connected uses. First, strategic intelligence: giving local and strategic authorities a comprehensive picture of needs, provision gaps and participation patterns. Second, identification and engagement: enabling

accountable services to find young people who are NEET, at risk, precariously attached or not known and make timely contact. Third, coordinated case management: allowing authorised practitioners to maintain one plan, share case notes, record a named lead and manage handovers without repeatedly asking the young person to retell their story. Fourth, outcomes and learning: recording what support was offered and received, tracking sustained destinations and improving future commissioning.

893. These are not four separate data exercises. They reinforce one another: better intelligence shapes commissioning; earlier identification triggers support; coordinated delivery improves the young person's experience; and outcome evidence shows what works, for whom and in which circumstances.

894. Central government can enable this new data system by sharing centrally-held data with a common identifier with strategic and local authorities, setting common standards and definitions, and streamlining information governance. Given some data is also held locally the system should allow two-way sharing. In the medium term, legislation will support a safeguarded 'share once, use often' model. The principal central government data owners and local government should set the direction together, with young people and practitioners involved in designing transparency, access and challenge arrangements. This will only work if young people can trust it.

895. Where to begin is clear, because need is concentrated: eight of the ten English local authority areas whose young people were most likely to be NEET are in the North and Midlands, and all of the top ten areas now fall within mayoral strategic authority areas.[543] Necessity is the mother of invention, so the mayoral authorities carrying the heaviest burden should be given the data powers, sustained funding and technical capacity to work with central government in creating this new data architecture.

Building the YOS from existing foundations

896. Preparation for the YOS must begin immediately, ahead of the transfer of new responsibilities. Strategic authorities, local authorities, ICBs and delivery partners will need funded support to enable this implementation work to begin.

897. The YOS should be built primarily from the people and organisations already supporting young people, rather than by creating an entirely new bureaucracy. That means bringing together youth-facing support in Jobcentre Plus, local authority participation teams, the employer-brokerage and careers infrastructure built through Careers Hubs, and staff working through Youth Hubs and other local employment-support services. It should also draw on trusted voluntary and community organisations, colleges and social enterprises, including football club

foundations, where they are best placed to reach and support young people. The Premier League, for example, has recently announced its ambition to help 250,000 young people at risk of becoming NEET in the next 5 years.[544]

898. Not all of these people need to be employed by the same organisation, but they should work through the Youth Opportunity Service, to one local plan, one set of standards and one accountable participation system. The YOS should provide the common operating model, coordinate support around the young person and make sure the different parts of the system work together.

899. Government should work with strategic authorities to ensure the integration of Jobcentre Plus-led support within the locally led YOS - for example through joint management, co-location and integrated delivery. The objective is to create the adviser and case-management backbone early so the YOS can get to work. Work on ensuring the contribution of the NHS to the local YOS will also need to begin at once. Funding for health and wellbeing support will remain with the NHS and ICBs, but will be pooled or aligned with strategic authority budgets in England, with common objectives and shared outcomes. What cannot continue is a health pathway that sits separately from the participation system when ill health is one of the principal reasons young people are outside learning and work.

900. Initial analysis suggests that around 6,000 existing staff currently working in youth facing functions could be brought together.[545] The final shape and size of the workforce will depend on the operating model in each place and will need to be developed with the organisations involved.

901. Staff working through the YOS should operate to common standards, with a shared induction, clear roles and competencies, training in integrated case management and health-informed practice, and appropriate professional supervision. Continuity matters as much as organisational design. Young people should not lose trusted relationships because services are being reorganised. Some places will also need additional capacity where the existing workforce is not sufficient to identify, reach and support young people who are currently out of sight of the system.

7.11 Making change happen

902. From 2027, implementation needs to concentrate on building the partnership, governance, plan, objectives, data and joined-up delivery needed in every area. An overall implementation framework will need to be established with a dedicated central function at the heart of government.

903. Established MSAs will prepare for fuller devolution, while other strategic authorities and partnerships in areas without a strategic authority align existing

services and commission additional support. I propose an immediate devolved mobilisation fund through existing devolution arrangements so strategic authorities and local authorities can expand outreach, case management and opportunity brokerage while full transfers are prepared.

904. From 2027/28, areas that are ready should begin bringing existing youth-facing employment support within the Youth Opportunity Service (YOS) model, aligning its commissioning, coordination and delivery with the new service. The first fully reformed YOS should be operating well before the end of this Parliament. By 2029 every area in England will be expected to demonstrate a coherent local service, additional capacity for young people who are currently unsupported, stronger transition pathways, integrated health support, one employer-facing route and governance in which employers and young people have a real voice.

905. By 2029 every area in England will be expected to demonstrate a coherent local service.

906. Legislation is likely to be needed for new duties, data gateways, entitlements and intervention powers. But legislation must support the operating model, not substitute for it. Relationships, capability, leadership and workforce practice will matter as much as statutory architecture. Implementation will be judged by whether young people and employers experience a different system, not by how quickly organisational charts are redrawn.

7.12 From no system to one system

907. The change proposed here is far-reaching. It redraws the architecture of youth participation. The purpose is simple: a single, joined-up and locally led youth participation system in every part of England. Support will no longer depend on where a young person lives or which door they happen to enter. Public services will work to shared objectives, shared duties and one local plan. Short-term funding streams will give way to a coherent, multi-year settlement. Better incentives will reward prevention and shared success. Timely, integrated and safeguarded data will identify young people who may need help, support coordinated delivery and show whether the system is working.

908. By 2029 young people and employers should be able to feel the difference. We should be finding young people before they disappear, not waiting for them to present; giving them one conversation and one plan, not repeated assessments and referrals; maintaining support across institutional boundaries; and giving employers one local route instead of multiple schemes. For a young person, the difference must be tangible. If a school or college route begins to fail, somebody notices. There is no wrong door. Health, transport, money or confidence are dealt with around one plan. If a course, apprenticeship or job starts to wobble, the

support remains to help. Families no longer have to join up public services themselves. For the first time, there would be no point between school and age 24 at which responsibility for a young person's participation simply disappears.

909. The test of this reform is not how many young people pass through a service or how many new structures government creates. It is whether fewer young people become lost to the system, whether those who do are found and helped sooner, and whether most secure and sustain a place in education, training or work. For too long, Britain has managed the consequences of youth detachment after the damage has been done. The purpose of this new settlement is to prevent more of it happening in the first place. A country that expects young people to participate has a responsibility to make participation possible.

Chapter 8: Investment, implementation and impact

911. The ambition of this Review is for the UK to have one of the lowest NEET rates in Europe in the next decade, transforming the life chances of millions of young people. Setting an ambitious goal is one thing. Achieving it is quite another. A target without a plan is almost certain to fail. The last few decades of public policy are littered with examples of exactly that happening. The small number of successes, such as the reduction in the number of teenage pregnancies, teach important lessons. The target matters. It must be clear and unambiguous, it must be long term and, crucially, it must be backed by a credible plan.

912. In this chapter I set out the plan for achieving NEET Zero. During the course of the Review, we have undertaken extensive research to ensure that the new system that we are proposing is capable of delivering the ambition, not least because a bold and ambitious goal sometimes creates unintended consequences. I have examined the best evidence of what works both from the past and in the most successful international systems. We have used this evidence base to shape both our design and our assessment of what the impact of the changes we have proposed could be.

913. We propose a rapid start to implementation. The last thing we should do is what so often happens with a review like this – it is handed over, the Government takes months to take a look, produces a white paper response yet more months later and then pilots a series of piecemeal, often disconnected, changes. That will not work if the NEET crisis is to be addressed. Systemic change is needed and should start immediately working with Whitehall departments, mayors, local authorities and others.

914. While the intention is to hit the ground running, the speed of change has to be sustained over time. This is a 10 year plan, not a one year sprint. That is deliberate. I could have proposed a faster trajectory but this would not have addressed the underlying structural drivers of rising NEET levels. Short termism has been a constant feature of our country's approach to this issue over the last 50 years. Spikes of public and political concern have created temporary, sometimes large scale, programmes and investment which then have been removed when the initial crisis passed. We did this in the 1980s, 1990s, during the financial crash and most recently during the COVID-19 pandemic. We have created a myriad of interventions only to turn them off as quickly as we created them.

915. That cannot be our approach this time. That is why having a long-term goal for NEET rates is so important. It is something we have never had in the UK. It provides a lodestar to guide a 10 year programme of change. It is why I have suggested legislative change to embed the means to achieve NEET reduction in law. And it is why we have set out to create institutions – such as the YOS – to be a permanent foundation on which change can be built.

916. None of this will count for anything, however, unless the country makes a deliberate choice to invest in this change. Crucially that involves a fundamental reset in how much we are willing to invest in supporting young people to make a successful transition into good work. It is no good willing the ends without also willing the means.

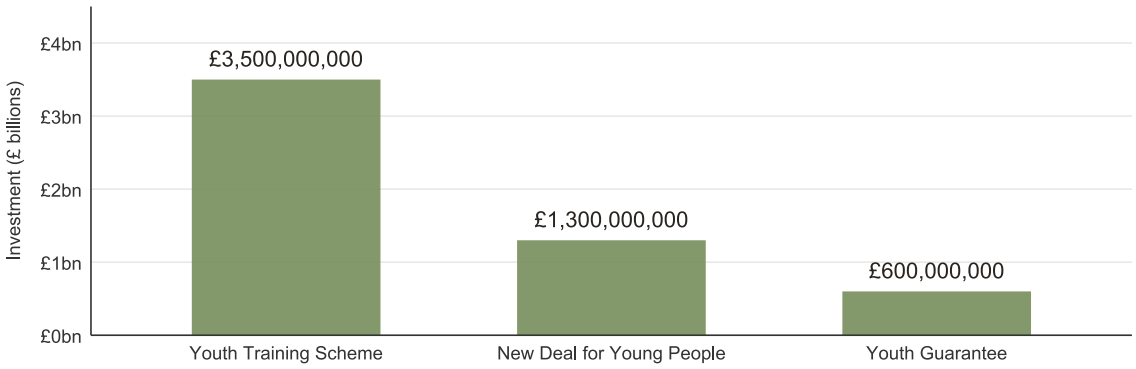
8.1 Investment to reset the system

917. In my Interim Report I highlighted that ensuring young people make an effective transition into work, education and training has not been a priority for investment over the last decade. That changed with the Government's recent and welcome £2.5 billion commitment to youth employment over 3 years.[546] But ridding Britain of its chronic NEET problem requires increased and sustained investment at scale.

918. This is needed now because historically we have invested so little. Over the last decade there have been years when the only expenditure on opportunity for young people by government has been limited case management services through Jobcentre Plus and small-scale employment programmes.

919. As a country, we haven't always been so unwilling to invest in young people's futures. In the past there were multi-billion pound investments targeted at supporting young people outside work or education through the European Social Fund and the Shared Prosperity Fund but these have been stripped away following Brexit. During the 1980s through the Youth Training Scheme and in the late 1990s/early 2000s with the New Deal we spent significantly more than we are now, even though during the latter period NEET rates were lower than they are today. To provide a sense of scale the very welcome investment this government has made in the Youth Guarantee is only 17 per cent and 46 per cent respectively of the investment made in those previous schemes.[547]

Figure 1: Average annual investment in major NEET schemes, UK, 2026 prices



Source: From a Welfare State to a Working State: Analytical Annex. Average annual investment in major UK youth employment schemes has fallen substantially over time. In 2026 prices, the current Youth Guarantee (£600 million) represents around 17 per cent of the investment in the Youth Training Scheme (£3.5 billion) and 46 per cent of that in the New Deal for Young People (£1.3 billion).

920. This is not a new or short-term challenge. UK investment in employment support has declined significantly over the past fifteen years, with spending on employment policies, for all ages, falling from 0.3 per cent of GDP in 2010/11 to 0.1 per cent in 2025/26. [548] Although differences in methodology limit direct comparisons, international evidence indicates that countries with lower NEET rates generally commit greater resources to labour market support.

921. Between 2011 and 2024, Denmark and Germany spent an average of 0.4 per cent and 0.3 per cent of GDP respectively on employment services, estimated at approximately four and three times the level of UK spending on employment policies in 2025/26. In 2024, Denmark spent 1.3 per cent of GDP in total on employment services, support, incentives and job creation, while spending in the Netherlands and Germany was around 0.4 per cent of GDP.[549]

922. Investment in young people is not only low historically and compared to our international peers. It also stands in marked contrast to rising public expenditure on older generations. This is not an argument against government supporting older people. Rather it is a question of ensuring generational fairness. It is hard to sustain an argument that we are giving young people the opportunities previous generations enjoyed to get a good job and lead a happy and healthy life. Polling conducted for the Review shows that parents and grandparents are growing increasingly concerned about what the future might hold for the next generation of young people. Nearly half (47 per cent) of respondents aged 55 to 75 believed that 16 to 24 year-olds today have fewer opportunities than their generation did.[550]

923. The table below should give all generations pause for concern. Over the last 20 years the gap between the State's investment in children and young people and older generations has widened significantly.[551]

Table 2: Public Spending per person by age group, 2004/5 and 2023/24

Measure	2004/05	2023/24	Real change
Spending per pensioner	~£20,000	£31,000	+55%
Spending per child	~£15,000	£18,000	+20%
Pensioner-child gap	~£4,700	~£12,600	+170%

Source: Intergenerational Foundation, A growing divide: Two decades of intergenerational unfairness, June 2025.

924. In 2004/5 the gap was already large and since that point has become a chasm, more than doubling in size. This change has been driven by both changes in demography, with a growth in the number of much older pensioners who require higher health expenditure – and changes in public policy, such as the creation of the Triple Lock.[552] This is neither sustainable nor is it fair. Of course as society ages, care costs will rise. But further demographic change with fewer younger people, and more older ones also means that we will need more of the next generation in employment and paying taxes in order to sustain older generations. That is one of

the reasons why I propose a new Youth Test for public policy, so that spending decisions must explicitly consider how they impact the prospects of the next generation. The impact of the Test will take time to show up in policy and fiscal decisions but public investment in the young cannot wait.

The cost of doing nothing

925. The starting point for any fiscal case for increasing public resources to improve youth participation rates and tackle the NEET crisis is the counterfactual: what continuing on the current path costs. The problem is growing, not stabilising. The 16 to 24 year-old NEET rate has barely fallen below 10 per cent over the last 25 years, and the composition has shifted decisively toward economic inactivity, around 60 per cent of young people who are NEET are now inactive rather than unemployed, and six in ten have never had a job (up from four in ten in 2005).[553,554] Forecasting for the Review suggests the NEET rate could reach 16.3 per cent, around 1.27 million young people by 2031, without a change in policy and investment.[555]

926. Alongside rising numbers of young people who are NEET comes the rising financial cost of disengagement. Failure to address high NEET rates is costing the country around £125 billion a year.[556] This is not a projection of some future risk; it is the current annual bill, spread across lost output, long-term scarring, foregone tax, benefit spend, and health costs.

927. Then there is the fiscal cost of nearly one million young people being NEET. The fiscal exposure works through three channels, none of which sits with a single Whitehall department: foregone tax revenue both now and in the future, as youth unemployment leads to lost long-term earnings; growing spending on benefits; and increased health and wider public service costs arising from the consequences of young people not participating. In the Interim Report, we estimated these costs to be £21.6 billion per year.[557]

928. These costs are real, but because they are dispersed across benefits, lost tax receipts, health, housing and, in some cases, justice costs, no single government department sees the full picture and none is forced to carry the full consequences of failure. The UK's approach for decades has been to pay the bill for a high structural level of youth economic inactivity rather than invest in preventing it. The result is that too much of the public purse is being spent not on preventing failure, but on dealing with its consequences.

8.2 When and where we should invest

929. Meeting the NEET challenge requires upfront investment. The reason is simple. The Government will need to help create the opportunities – to learn and earn – and

provide the support to enable young people into participation. To kickstart the reform programme an initial £500 million investment should be made available for 2027/28 from the Government, by reprioritising existing spending. This should fund enhanced employment and mental health support and expanded work placement, college and apprenticeship places.

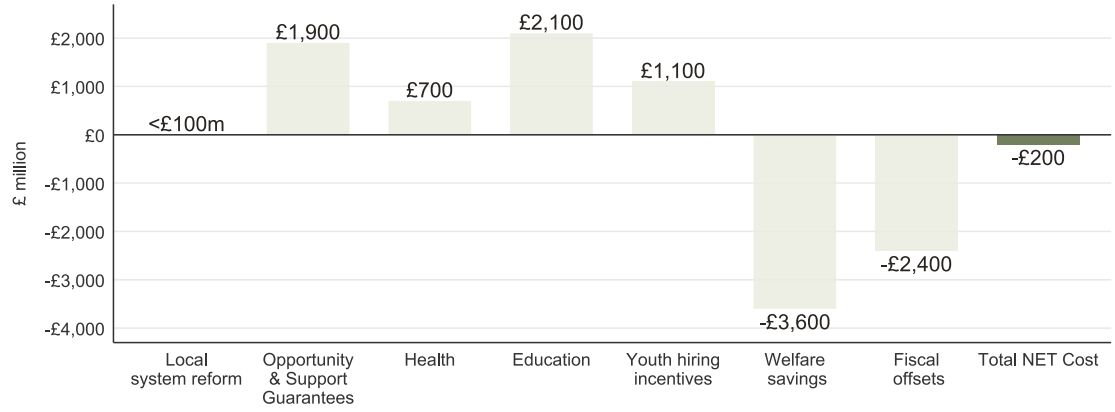
930. Beyond 2027/28, investment will need to ramp up. The majority should come from a radical reprioritisation of government spending. Three Spending Reviews are expected over the next decade and they will need to determine how best the additional multi-billion pound investment required for future years should be sourced, phased and allocated. In particular investment for these reforms should be a top priority for the 2027 Spending Review.

931. Examples of spending reprioritisation could include student finance for franchised higher education and foundation students, reallocating apprenticeship budgets for over-25s to under-25s, and reducing spend on private diagnostic tests for neurodevelopmental conditions. I believe that this is just the tip of a far bigger iceberg of potential efficiencies that can be made in current government spending.

932. As upfront investment in enhanced opportunity and support takes effect, savings will start to come from reduced spending on benefits while increased revenues for the public purse will flow from more young people being in work and paying their taxes. Welfare savings should begin in 2029/30. They continue so that by 2036/37 they cumulatively reach £13.7 billion. The positive fiscal impact increases with sustained growth in young people's participation rates until the package achieves overall fiscal savings in 2036/37.[558]

933. In 2036/37 total annual government investment should be around £5.8 billion for the Guarantees, hiring incentives, health, education and skills reforms. This should be offset by £3.6 billion of savings driven by welfare reform and £2.4 billion in increased tax revenues and reduced benefit payments from growing employment.[559] From 2036/37 onwards savings should continue to accrue as a result of a sustained increase in employment and ongoing welfare savings and increased tax revenues.

Figure 2: Annual cost and saving per policy area in 2036/37, £m, 2026 prices



Source: From a Welfare State to a Working State: Analytical Annex. Estimated annual savings from the proposed youth participation reforms offset their costs. In 2036/37, £5.8 billion of investment is matched by around £6.0 billion in welfare savings and wider fiscal offsets, resulting in a net annual saving of around £200 million.

934. Across the reforms I have proposed, the central shift is from spending on the consequences of youth detachment to investing in participation itself. That means intervening earlier, joining services around the young person and directing resources towards the support, opportunities and relationships that enable them to stay in or move into education, training and work. Just as importantly, the destinations available to young people need to be built too, whether through further education, apprenticeships or employment, so that there is a stronger first rung on the ladder of opportunity. In that context I welcome HM Treasury's recent announcement of a new Preventative DEL spending category. Given the long-term nature of both the expenditure and the benefits, reducing youth detachment would be a strong candidate for consideration through this approach at the next Spending Review.

935. The investment made by the State needs to be matched by the contribution of employers, local and regional government, education providers and others. That is consistent with the wider argument of this Review: opportunity is created collectively, and so too is the route to participation. In particular, there may be scope to draw on alternative sources of finance alongside public spending. Impact investment has previously been used to support youth employment and is well suited to interventions with clear and measurable outcomes. Existing vehicles such as the Better Futures Fund, together with philanthropic funding, could also play a supporting role where they can complement rather than substitute for core public investment.

Investment priorities

Local system reform

A set of new functions and activities underpin the new system, especially the development of the Youth Opportunity Service across England. The need for these new functions is a direct result of the ambitious devolution agenda I am proposing to create a locally-led system for helping young people into earning or learning. Building local capacity and capability, improving the current data infrastructure and the independent assurance and improvement function will be the key areas of investment to provide the right infrastructure around wider reforms.

Opportunity and Support Guarantees

The YOS will be the principal delivery vehicle for bringing about the shift from the old welfare state to the new working state. It will help to bring about a significant change in how government spends money on young people. At present, too much public spending goes towards replacing income after a young person has become detached, and too little towards helping them participate. The reforms I have set out require spending to be brought forward so we can invest upfront in creating more opportunities for young people and providing the tailored health and employment support they need. Those reforms also protect and, in some cases, increase support for young people with severe and enduring disabilities. This requires significant early investment with the aim of reducing the benefits bill over time.

Health

There needs to be a fundamental change in the way government invests in young people's health. At present, too much resource is concentrated on diagnosing and treating problems once they have become severe, while too little is spent on prevention, early intervention and helping young people remain connected to education and work. The proposed approach would shift investment towards earlier, needs-led support through digital services, community provision, vocational rehabilitation and closer integration between health and participation services. By investing early to prevent needs from escalating, reducing avoidable crisis and specialist care, these changes will help more young people stay in or return to their place of learning or work, and in doing so will better enable the NHS to support those who are in the most need of care more quickly.

Education and Skills

One of the key reasons for our structurally higher NEET rates is that we consistently have lower participation in education and training, especially post-18, than countries with lower NEET rates.[560] We need to correct that by investing more in young people being able to build their skills, especially through technical and vocational education. The centrepiece will be a doubling of the number of apprenticeship achievements and a substantial increase in vocational education. Both will require new investment. But spending to increase the quantity of places is not enough, the reforms I propose will also improve the return on the education young people receive by reshaping the curriculum to better prepare them for the future world of

work and making reforms to ensure schools, colleges and universities focus more on destinations not just qualifications.

Youth hiring incentives

Government must not only help young people get ready for work, but also help create the opportunities they need to enter it. Demand must expand to meet supply. The priority should be targeted support that changes employer behaviour: expanding wage subsidies for young people who are NEET, investing in apprenticeships and work placements, and providing local brokerage to help smaller employers. Government must lead by example through its own recruitment and procurement approach, to create more first jobs and training opportunities. This is not a case for subsidising employment indiscriminately but helping employers share the cost and risk of giving young people a first chance.

8.3 Expected impact

936. Looking only at the costs of these changes misses the other part of the equation: the impact of policy changes. The proposals outlined in the report aim to carefully balance the urgency of getting the young people who are NEET today into participation with the need to make long-term, systemic change that breaks the cycle for future generations of young people.

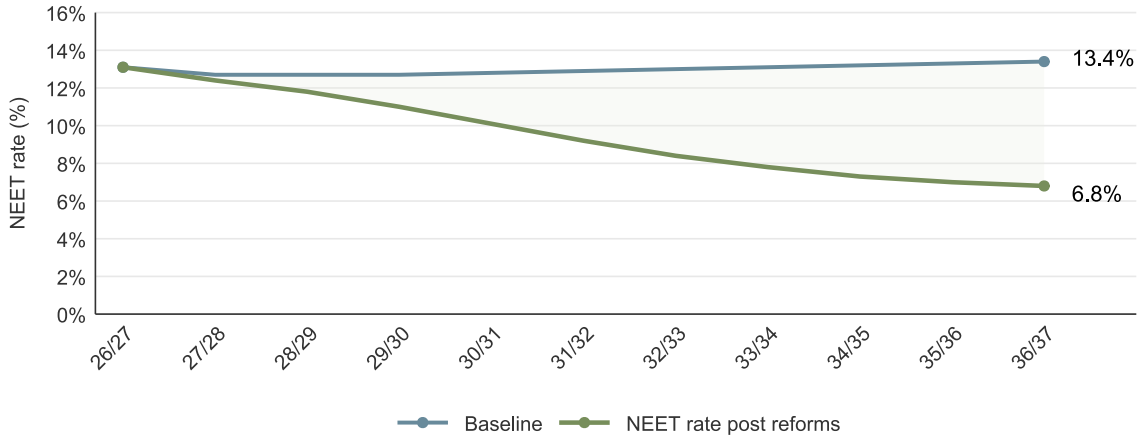
937. To ensure that the reforms I propose will deliver the radical improvement needed in NEET rates over the next decade, we have assessed how each of them will contribute to the step change required. To do so we have utilised the most robust evidence, including where available causal impact studies that have shown the effect of programmes and initiatives.

938. There are, however, a few limitations and assumptions that apply to the approach we have taken to assessing likely impact. Firstly, the reforms I am proposing are complex and, in many cases, a significant departure from the current approach. Although we can learn from the past there isn't always a direct link to previous efforts, and therefore high-quality evidence on which to assess their likely impact. Secondly, I am also realistic that some reforms I propose may not deliver as expected and need further development and refinement. The new central function I propose will have a crucial role in adjusting course as required. Finally, we expect that the impact of the whole, a collective, cultural change in how the UK approaches youth participation will be much greater than the sum of its parts, taking learning from countries such as Denmark and the Netherlands which have undertaken this type of transformative change in the past.

939. Ultimately, we are aiming for a NEET rate that is consistently at around 5 per cent. The modelling we have undertaken shows that the reforms and policies that are proposed in this Report get the NEET rate down to around 6.8 per cent by 2036[561].

But we believe that a combination of potentially higher levels of economic growth, partially as a consequence of more people being in work, and new momentum in the youth labour market will be sufficient to close that gap to the 5 per cent NEET Zero ambition. Achieving this ambition would mean approximately 600,000 more young people will be participating in education, employment or training each year than would have been the case otherwise.[562] In every year over the next decade we will make progress towards that ambition with more and more young people making a positive sustained transition into work or education.

Figure 3: Total NEET rate impact profile, 2026/27 - 2036/37



Source: From a Welfare State to a Working State: Analytical Annex. Without reform, the youth NEET rate is projected to remain stable when taking the Youth Guarantee into account, rising slightly to 13.4 per cent by 2036/37. With the proposed reforms, it is projected to fall to 6.8 per cent, around half the level expected under the baseline.

Impact on economic growth

940. The reforms I am proposing are designed to change the lives of millions of young people over the next decade. At the core of my report is the fundamental view that every young person deserves the opportunity to participate. But the success of these reforms should also be judged on the impact they have on the lives of everyone across the UK by contributing to higher levels of economic growth. In order to drive higher growth and all the benefits that brings for living standards and public services we have to harness the talents of the whole population, especially those at the start of their working lives.

941. I have assessed the impact these reforms are expected to achieve in terms of their effect on GDP. By 2036, if delivered in full, they could add approximately 0.4 per cent of GDP per year.[563]

942. On both fiscal and economic grounds, I believe the package of proposals here is credible and impactful. It deserves to be supported.

8.4 Timeline for implementation and what this means

943. The changes I am proposing are by design radical and long term. But despite the need to implement change over time there is a need to strike a balance so that the one million young people who are NEET get more help as soon as possible. So, the timeline I am proposing looks to deliver change as rapidly as possible but in a way that creates a path to the long-term structural changes required to prevent future generations becoming NEET. The goal of achieving longer term structural reform should not be an excuse for failing to deliver change at pace but some of the proposals rely on infrastructure that will take time to build, so it will not be possible to do everything, everywhere at the same time. The implementation timetable set out below aims to get this balance right.

Implementation timetable

An ambitious programme of change needs an ambitious timeline, but this must be balanced by taking the time to enact change in a way that can sustain momentum and allows for continuous improvement of policy. Work should start immediately on supporting local and regional government with the detailed design of their new Participation Deals, working to define responsibilities in the reformed system.

A dedicated central function should also support the wider public sector in implementing the Report recommendations. These activities will range from making participation an explicit NHS outcome, establishing the role of government in increasing youth participation as an employer and buyer, and supporting the rollout of new educational reforms. Employers who have signed up to the First Chance commitment should start to enact these changes as soon as possible.

By the end of the first 100 days, the programme should have a clear governance and implementation plan, and a confirmed legislative and funding timetable. This clarity will be essential for setting out the path to reform.

2027/2028

The first major delivery changes should come into operation in 2027/2028. During this period every area should develop a Participation Plan and the central YOS function should be mobilised. Existing employment, careers and youth services can then be brought together, with the new data infrastructure developed that enables the early identification of hidden NEETs and those at risk of becoming so.

The roll out of Early Support Hubs is already in progress across England. This should be accelerated, and it is critical that there is also a rapid expansion of wider mental health and community-based support during this time. This will be complemented by the development of the digital offer, so that these services are available to young people as soon as possible.

In 2028, all established MSAs should have Participation Agreements in place and delivering a YOS model that both meets the national standards and the needs of their local area. For young people, this will mean they have a more

joined-up experience of support across different services. Where areas haven't stood up a YOS, there should be structured interim programmes that deliver similar services. As areas begin to establish their full suite of support, all young people living there should be increasingly supported by the YOS. It is likely that some places will be able to achieve full system integration much more quickly than others – the learnings from these leading authorities should be shared and used to refine wider implementation.

In terms of opportunity creation, these first years should be about taking the immediate steps to stimulate demand by significantly expanding the Youth Jobs Grant, the Jobs Guarantee, supported internships, and clarifying legislation around youth hiring. The funding, capacity and infrastructure to radically increase further education, deliver a new pre-apprenticeship pathway, and incentivise employers to take on more apprentices will also need to be built during this period.

In education settings, the focus should be on preventing disengagement and improving transition points. Improved data, key stage 3 checks and more flexible curriculum time should enable schools to identify difficulties sooner and provide targeted support before young people fall out of education. Strategic authorities should map and publish local routes from education into work and study both for the benefit of young people, and to understand where there are gaps. These reforms should reduce the risk of young people being left without a route when a course ends or breaks down, resulting in smoother transitions.

2029 onwards

By the end of 2029, every area should have a YOS or equivalent offer in place. Health should be fully integrated into regional governance. The Opportunity offer, Support offer and Health & Disability Fund offers should be guaranteed for any young person that needs them. This means that local health, employment, skills and welfare support must be all under a common plan and be able to deliver in a timely way and at the capacity and quality to meet demand. Once an area has sufficiently established their YOS and connected support, all new claims for benefits for 18 to 24 year-olds will be to Youth Allowance, Additional Costs Allowance and the Severe and Complex Needs Insurance in that area. Those on legacy benefits (UC, UC Health, PIP) will be assessed in the new youth benefit system at their scheduled reassessment date following a 6 month preparation period with the YOS where they can take up the new support and opportunity offers and prepare for the transition from old system to new.

As educational, health, and social barriers to participation are broken down, job availability must meet increased supply. The public sector should be doing its part in hiring young people, and using its procurement levers to ensure that major contracts include quantified youth employment commitments. The next generation of young people should be benefiting from consistent and high quality work experience, regardless of their background.

2030 Onwards

Participation Agreements should be established across all of England. Youth Opportunity Services should be operating nationwide with the necessary resources, accountability and delivery arrangements in place. Strategic authorities and local partners should have a clear role in coordinating provision and improving outcomes, so that they can both benefit from improvements and be held accountable when those outcomes are not delivered. The reforms should be fully implemented, with the scale of individual initiatives continuing to increase in line with demand and evidence of what works. Where targets are long term – such as the doubling of apprenticeship achievements, or the improvements to school readiness – these should be well on the way to being met.

For young people, these reforms will mean greater access to the opportunities and support guaranteed under the new system. A changed curriculum, stronger work exposure and better careers advice will help more young people be engaged in school and become work-ready before they leave education. The supply of entry-level jobs, apprenticeships, technical routes and supported opportunities should continue to grow, while increased and better-targeted funding should ensure that those facing the greatest barriers receive the support they need. Over time, the combination of earlier intervention, stronger employer engagement and more effective local support will become part of our shared cultural norm about how we support young people taking their first step on the employment ladder.

8.5 Conclusion

944. This Report sets out an ambitious and fundamental package of reforms. This chapter has set out what that package is intended to deliver, the scale of investment likely to be required and how implementation could be phased over the next decade. The argument is not for another temporary programme. It is for a sustained shift in the way the country invests in young people: away from paying for the consequences of detachment and towards creating the opportunities and support that enable more young people to participate.

945. That shift will require upfront investment. I do not seek to disguise that fact. Some of the reforms proposed in this Report will require additional public spending before their fiscal benefits are realised. But not every pound needs to be new money. There is significant scope to reprioritise existing expenditure, to make better use of resources already being spent across government and, where appropriate, to draw on impact investment and philanthropy alongside public funding. Preventative investment should also be considered through the new approaches being developed by HM Treasury as future Spending Reviews are taken forward.

946. The figures in this chapter are the Review's estimates, not government spending commitments. They will need to be refined as proposals move into detailed design

and implementation. The precise balance between new investment, reprioritised spending and other sources of finance is a decision for government.

947. What should not be lost in that discussion is the cost of the alternative. Britain is already paying heavily for youth detachment through higher welfare spending, lost tax revenues, weaker growth and poorer health. The choice is therefore not between spending money and spending nothing. It is whether we continue to meet the costs after young people have become detached or invest earlier in helping them remain in, or return to, learning and work.

948. Of course, the potential gains for young people, the economy and the public finances have to be weighed carefully against the fiscal costs. I know those are difficult choices, particularly at a time when the public finances are constrained. But fiscal constraint cannot become an argument for accepting a problem that is already costing the country so much. The task is to invest where the evidence suggests it can make the greatest difference, to reprioritise where existing spending can be used better and to ensure that every pound invested is focused on improving participation.

949. This is ultimately a choice about priorities. For too long, investment in the transition from childhood to working life has been inconsistent and short term. This Report argues for a different approach: a 10 year commitment to build the opportunities, support and institutions capable of changing the prospects of a generation.

950. The figures will change as implementation is worked through. The principle should not.

951. If Britain is serious about reducing youth detachment, it will need to invest in preventing it.

Chapter 9: A cause for the Country

The fork in the road

952. This Review began with a simple question: why does the UK, one of the richest countries in the world, have nearly one million young people who are not in education, employment or training?

953. After visits to countries that are finding answers, months of evidence gathering and thousands of conversations with young people, employers, charities, public services and political leaders I do not pretend for a moment there is one simple answer. There is not. Nor is there one policy that will solve the problem.

954. What has become clear, however, is that the next generation is facing a crisis of opportunity. It is a global phenomenon. Across the developed world the relative share of income taken by the young is smaller than previous generations. Both income and wealth gaps between old and young have widened. The housing ladder and career ladder have both become more out of reach for many more young people. Now they face the risk of an AI-led employment meltdown.

955. None of this is peculiar to the UK. So why is the NEET crisis here so much worse than elsewhere, particularly in countries that are comparable to ours elsewhere in Europe? I think the answer lies in the specifics of the way the labour market and state services have operated here. The labour market has been left to its devices, governed by a false assumption that a rising tide of employment would inevitably lift the youth participation boat. In fact, youth employment has fallen. The low NEET countries of Europe have pursued much more active labour market policies to guard against that eventuality.

956. Meanwhile public services here are caught in the trap of trying to solve yesterday's problem - cyclical youth unemployment - when the new issue is one of young people who have never worked – youth detachment. Much of that is driven by ill-health. But the health and welfare systems are failing to respond. At the same time too many young people are being prepared in the education and skills system for a world of work that has already changed. The institutions intended to support young people too often operate in disconnected vertical silos rather than as one horizontal system. They are trapping young people in economic inactivity, with calamitous consequences for their life chances, when all that the overwhelming majority want is the opportunity to earn or learn.

957. This system – from the labour market through education, health to welfare - is not working. And neither are more and more young people. We are at a fork in the road.

The choices

958. I believe it is time for the country to face up to three big choices about which direction we now take.

959. The first is whether we are prepared to make the next generation a national priority.

960. My conclusion here is that if we keep doing what we are doing, we will keep getting more of what we have been getting: a growing number of young people detached from the world of work, the economy and wider society. I do not believe that is in anyone's interests – least of all young people themselves.

961. In those countries that have reduced their NEET rates the starting point has been a new determination to create more opportunity for young people to learn or earn. The choice those nations have made is to back the next generation. We should do the same.

962. The second choice is whether we are prepared to mobilise the country to make it happen.

963. My conclusion here is that while it is right for government to take the lead, change will not happen without the contributions of families, charities, local leaders, and young people themselves. Employers especially are central. They hold the key that can unlock more first chances for the next generation.

964. The creation of more opportunity is the end. Collective contribution has to be the means.

965. The third choice is whether we are prepared to make the scale of reform and investment to give young people the best possible first chance in life.

966. My conclusion here is that iteration and tinkering will not do. Where opportunity has closed down, it will need courage to open it up. That is as true on the supply side as on the demand side of the equation.

967. System-level transformation has to be backed by long-term investment if change is to be sustainable. We have to be prepared to put our money where our mouth is.

The change

968. I hope the scale of the ambition I have set out in this Report, an effective rate of NEET Zero, is matched by the scale of change I am proposing. Getting to full education and employment participation for the young will take a decade. It will mean a lot of change across a lot of fronts. The previous chapters describe those changes in detail.

969. It is worth spelling out how they aggregate together. Youth participation will run through public policy like a stick of rock. An old welfare state will give way to a new

working state. Preventing young people becoming NEET will begin in the early years and with more support for parents. Schools, colleges and universities will have new yardsticks of work readiness and participation outcomes against which they will be judged. The school curriculum will be rebalanced to better prepare young people for the future world of work. More college places and apprenticeships will open more opportunities for young people to participate. Employers will be helped to create more first chance career opportunities for young people by regulatory, organisational and fiscal changes. In health, local services will have new duties to dedicate resources and contribute efforts to solving the NEET crisis. In mental health there will be instant access to support and new waiting time standards so that young people can be helped to work rather than getting stuck on welfare. A new welfare system for the under-25s will invest more to enable more young people to earn or learn and less on simply writing benefit cheques.

970. There will be new institutions and new laws to help make all this happen. Mayors, working with local authorities, will have new accountabilities, powers and resources to drive forward local efforts to reduce NEET rates. A Youth Opportunity Test will ensure laws and regulations enable rather than inhibit participation. Public procurement rules will have youth participation requirements embedded at their heart. New entitlements for young people to a decent opportunity and a proper level of support will have legal force. A Youth Opportunity Service in all parts of the country will be created to deliver them. This is the new engine room of a Working State.

971. None of these changes will work properly on their own. A better education system will not be enough if young people leave it to find the first rung of employment has disappeared. More jobs will not be enough if poor health prevents young people taking them. Health reform will not be enough if welfare then pulls people away from participation. Welfare reform will fail if there is no genuine opportunity on the other side of it. And all of them will underperform if young people and families are still expected to navigate a maze of institutions, programmes and funding streams to find help.

972. The parts need to work as one.

The hard decisions

973. None of this will be easy. No report can foresee every consequence of reforms on this scale. Some things will prove harder to implement than they look on paper. Some policies will need to change as evidence emerges. Government does not have a monopoly on wisdom, and neither does this Review.

974. Humility, however, cannot become an excuse for inertia. We know that the present settlement is not working. We know that small changes at the margins will not solve

a problem that has been building for decades. We also know that big change is hard. Whitehall will have to give up old ways of working and some control. Public services will have to take responsibility beyond their traditional boundaries. Employers will have to do more. Local leaders will have to accept greater accountability alongside greater freedom. Reform in education, health and welfare will provoke argument.

975. There will also be a need to adapt as implementation proceeds. Some reforms will work faster than others. Some places will move more quickly. Some approaches will need to be changed if the evidence says they are not delivering. That is not a weakness in the programme. It is the price of taking implementation seriously.

976. But if the prospect of a lost generation is to give way to a work generation in which every young person has the chance to earn or learn, big changes cannot be avoided. The next generation needs a State that is rewired to work differently. One in which power is devolved to local places. One organised to maximise opportunity for young people. One in in which services pull in the same direction. One where the State makes it easier for employers to hire more young people. One which intervenes earlier rather than pays later.

977. For too long we have spent heavily on the consequences of detachment and too little on preventing it. We pay benefits after economic inactivity has become established, fund specialist health support after problems have escalated and intervene expensively after earlier warning signs have been missed. At the same time, the institutions and opportunities that could prevent detachment in the first place have not only been fragmented – they have been hamstrung by under-investment and short-term funding.

That is the wrong way round

978. A Working State invests earlier in the things that make participation possible: childhood, education, skills, health, employment support and first opportunities. That does not mean money is unlimited. It is not. Existing spending needs to be used better, fragmented funding brought together and new investment matched by fiscal discipline. Some existing expenditure can be reprioritised. Some reforms will generate savings over time. But there is no credible route to systemic change that assumes investment can wait until savings have already arrived. Upfront investment is what triggers downstream savings.

979. So we should be clear. There is no honest version of change in which the country declares youth participation a national priority and then refuses to pay for making it real. We have to put our money where our mouth is.

980. The alternative is not cost free. Lower employment, weaker growth, bigger benefit bills, poorer health and lost human potential all carry a price. The choice is whether we invest earlier in participation or continue paying later for failure.

The from: to

981. Investment plus reform is the formula that can deliver the fundamental reset needed to unleash the potential of the next generation. From managing disengagement after it has happened to preventing it before it does. From preparing young people for the old world of work to equipping them for the new. From a labour market that has narrowed first chances to one that actively opens them up. From a health model that lets young people fall into welfare to one that enables them into work. From a benefits system that writes a cheque to one that creates an opportunity. From fragmented services to one system. From a question that is asked about what a young person cannot do to one that asks them what they could. From a passive welfare state to an active working state.

982. This is not reform at the margins. It changes the way the State works and the way the labour market operates.

983. The test of these reforms is not whether government looks more joined up on paper. It is whether life becomes easier to navigate for the young person and easier to engage with for the employer.

984. For a young person, the journey should feel different from the start. If they begin to struggle at school, they are identified earlier rather than allowed to drift. Education prepares them not only to acquire qualifications but to acquire aptitudes so they are better prepared for the future world of work. They receive better careers advice, more exposure to the workplace, more technical and vocational options, more opportunities to excel in what they are good at.

985. When they leave education, there is somewhere to go. The first rung of the labour market is wider, not narrower. Employers create more first jobs, apprenticeships and meaningful work experience, and government helps share the cost and risk of giving a young person that first chance.

986. If poor health gets in the way, support arrives earlier and is organised around keeping the young person connected to education and employment.

987. If they do fall out of participation, they do not disappear into the gaps between services. The Youth Opportunity Service gives them one place to turn, one named person who knows them and one plan to get them into participation. The system stays with them until they are securely learning or earning.

988. The Opportunity and Support Guarantees give the young person a real entitlement backed by the practical help needed to make it achievable. For those facing greater

barriers, that support is more intensive and sustained. For those who can work, there is more opportunity and support. For those that cannot, there is greater security.

989. For business, the change should be just as practical. Employers should no longer have to navigate a confusing patchwork of schemes and institutions to offer a young person a first chance. That matters particularly for smaller employers. They should feel able to create more first chances in return for government making them easier, cheaper and less risky to provide.

The new settlement

990. The ambition of this Review is not another programme for another Parliament. It is to create a permanent platform on which change can be built. It is intended to be a new settlement not just a new plan.

991. Some may argue that it is too big an undertaking. Others that the capability does not exist to execute it. These are both fair challenges. I understand why people might be sceptical. But I believe that we cannot go on as we are.

992. The Interim Report showed that the UKs generational promise is being broken. For decades, part of the country's unwritten social contract was that each generation could expect to do better than the one before it. For too many young people that promise no longer holds.

993. The country should not settle for managing that failure a little better. It should choose to prevent it.

994. The young people I have met during this Review do not lack ambition. They want a chance to learn, to work, to build independence and to make something of their lives. We should be careful not to portray them as a generation that needs rescuing. They are not asking the State to make their lives easy. They are asking for the opportunity to get started and for support when the barriers they face cannot reasonably be overcome alone.

What they need is opportunity

995. That is the cause I am asking the country to rally behind: to ensure that every young person who can learn, earn or contribute has the chance and the support to do so.

996. The UK has the means and the chance to act. What is now needed is the collective will to make participation a national purpose and to sustain it long enough to change the prospects of a generation.

997. The choice is not between reform and no reform. It is between acting now or continuing to pay, year after year, for the consequences of failure; between opening up opportunity or allowing more young people to drift into economic inactivity and

dependence; between a State that waits until lives go wrong and one that acts earlier to help them go right.

998. The Welfare State gave security. That promise must endure. But the task now is to add another promise alongside it: that no young person who can participate will be denied the chance to do so because the labour market closed the first door, because public services failed to join up, or because the State asked what they could not do before asking what they might become.

999. That is what a Working State means.

1000. It means a country that does not give up on its young people. A country that expects something from them because it is prepared to offer something to them. A country that understands that opportunity does not simply happen. It has to be created.

1001. The young people at the centre of this Review are not asking for an easier life. They are asking for a fair chance to build one.

1002. That brings us back to the three choices with which this chapter began. Are we prepared to make the next generation a national priority? Are we prepared to harness the collective contribution of the nation to create the opportunities for that generation to fulfil their aspirations? And are we prepared to make the big changes in how the State works and back that change with the investment needed to make it real?

1003. If the answer is yes, then this countru has to stop managing youth detachment as though it were an unavoidable fact of modern Britain. Instead we need to decide that nearly one million young people outside education, employment or training is a national failure we are no longer prepared to tolerate.

1004. A lost generation is not inevitable. A work generation is possible.

1005. Young people need a working state and a new settlement to bring it about.

1006. It is within our power to make that happen.

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