ADCS
Leading Children's Services

ADCS briefing on *From a Welfare State to a Working State: A new settlement for the next generation*, published on Tuesday 17th November 2026

0. Summary

- Alan Milburn's final report, *From a Welfare State to a Working State: A new settlement for the next generation*, calls for a fundamental redesign of support for young people entering education, employment and training (EET).
- Nearly one million young people are not in education, employment or training (NEET); around six in 10 have never worked. The review describes a crisis of opportunity, not aspiration, requiring a shift from passive welfare provision to prevention, participation and opportunity.
- The proposed ambition is to reduce the NEET rate among 16–24-year-olds from around 13% to 5% by 2036 ("NEET Zero"), ending long-term youth unemployment and creating approximately 500,000 additional education and employment opportunities. If achieved, this will see the UK go from amongst the lowest to the highest rates of youth participation in Europe.
- A locally delivered Youth Opportunity Service (YOS) will coordinate employment, careers, health, benefits and practical support, underpinned by statutory Opportunity and Support Guarantees are key recommendations.
- Young people will be offered a named adviser within 14 days and a personalised Participation Plan within four weeks via the YOS. Those still NEET after 12 months, despite engaging with support and where work is realistic, will be guaranteed six months' paid employment.
- Mayors and strategic authorities will lead delivery through multi-year Participation Agreements, with a YOS in every area of England by 2029.
- The review spans employment, education and skills, health, welfare and local service reform, including changes to apprenticeships, supported internships, employer incentives and financial support for under-25s.
- It envisages approximately £500 million of initial investment and estimates that full implementation could support around 440,000 young people into sustained work. This will increase annual GDP by over 0.4%, save £3.6 billion annually in welfare by 2036/37, and reduce relative poverty by around 50,000 young people.
- The proposals have significant implications for local authorities (LAs) and children's services, particularly prevention, SEND, transitions, governance, safeguarding and funding.

1. A new national ambition and participation system

- The review proposes a national ambition to reduce the NEET rate to approximately 5% by 2036, with every young person learning, earning or actively participating wherever possible.
- It identifies interconnected barriers: too few entry-level jobs, education insufficiently focused on work readiness, delayed health support, welfare disincentives and fragmented institutional accountability.
- A permanent national participation framework will replace short-term, disconnected initiatives, combining earlier intervention, personalised support, statutory entitlements and clear expectations to engage.

- A statutory Youth Opportunity Test will assess major tax, spending, regulatory and labour-market policies for their impact on young people's opportunities.
- Success should be judged by sustained participation and improved life chances, not simply reduced benefit expenditure.

2. Youth Opportunity Service (YOS) and local accountability

- A new YOS will provide a single local front door for careers, employment, health, benefits and practical re-engagement support, regardless of benefit status, and a single contact point for employers.
- Each young person will be offered a named adviser within 14 days and a personalised Participation Plan within four weeks.
- The proposed statutory Opportunity Guarantee will provide a route into work, apprenticeships, further education, training, placements, civic service or entrepreneurship; a complementary Support Guarantee will address health, disability, transport, housing and other practical barriers to engagement.
- Where a young person remains NEET for 12 months despite engaging with support, a six-month paid job will be guaranteed where employment is realistic.
- Young people will be expected to engage with their plans; sanctions for persistent non-engagement will be rare, reviewed and subject to safeguards.
- Mayors, strategic authorities or groups of LAs will plan, commission and resource local participation systems through multi-year Participation Agreements, with devolved powers and funding.
- The review proposes a YOS in every area of England by 2029. The relationship with existing LA duties, including participation, SEND and children's services, requires clarification.

3. Education, skills and transitions

Early intervention and school readiness

- The review proposes raising both school readiness and literacy and numeracy attainment targets to 90% by 2036, supported by stronger Family Hubs and earlier family support.
- Schools will be required to use Risk of NEET Indicator (RONI) tools to identify pupils at risk of disengagement, with effective intervention following identification.

Schools and work readiness

- New key stage 3 checks in writing, numeracy and oracy, statutory work experience and a Ready for Work Standard will strengthen preparation for employment.
- School accountability will give greater weight to destinations and sustained participation, alongside attainment; technical education and University Technical Colleges will expand alternative pathways.

Further education and apprenticeships

- The review proposes 25,000 initial pre-apprenticeship places, increasing under-25 apprenticeship starts to 270,000 annually by 2036 and refocusing apprenticeship funding on younger learners.

- Further education will expand by approximately 150,000 learners, with an Open University for Skills and more Level 4 and 5 technical provision.
- Supported internships and flexible routes into work for young people with SEND will expand, with implications for post-16 sufficiency, EHCPs, preparation for adulthood and transitions to adult services.

4. Employment opportunities and employer incentives

- The review argues that improving skills alone is insufficient without more genuine entry-level jobs. A national First Chance employer movement will promote first jobs, apprenticeships and meaningful work experience.
- Proposed recruitment incentives include £3,000 for employing a young person NEET for six months, an additional £2,000 for those facing substantial barriers (including disabled young people and care leavers) and a further £2,000 for employers with fewer than 50 staff.
- Apprenticeship incentive payments will rise to £2,500, including for levy-paying employers; more flexible and subsidised employment will support young people with additional needs.
- When fiscal conditions allow, the review proposes reducing employer National Insurance costs for 21–24-year-olds, initially in retail and hospitality, and publishing a Youth Employment Cost Index every two years.
- Youth employment will become a mandatory social value consideration in relevant public contracts above £5 million, with explicit youth hiring commitments above £50 million.
- Public employers will publish youth workforce plans; the review proposes an ambition for 16–24-year-olds to make up at least 11% of the Civil Service entry-level workforce by 2032.
- Delivery will require close coordination between employers, LAs, education providers and employment services.

5. Health, disability and welfare

Mental health and participation

- The review identifies mental ill-health and delayed treatment as significant contributors to youth inactivity, calling for a shift towards prevention and participation alongside treatment.
- Proposals include fast-track mental health support for NEET young people, this includes an expanded digital offer and Early Support Hubs, national waiting-time standards by 2028 and more practical help during ADHD and autism assessment.
- Fit-note arrangements will place greater emphasis on participation; reducing NEET rates will become a formal objective for NHS Integrated Care Boards, requiring stronger joint working with local partners.

Welfare reform and disability

- A new participation-linked Youth Allowance will replace existing arrangements for affected under-25s, alongside proposals to remove the Universal Credit health element and Work Capability Assessment for this age group.

- An Additional Cost Allowance will replace PIP for younger claimants; a Severe and Complex Needs Insurance scheme will protect those unlikely to be able to work. Child Disability Living Allowance will extend from 16 to 18 years old.
- A locally administered flexible health and disability fund will help meet practical costs and provide temporary support during illness or treatment.
- Participation Plans will carry expectations to engage where reasonable, with rare, safeguarded sanctions for persistent refusal without good cause.
- The review proposes increasing investment in employment support relative to benefits, from approximately £1 per £25 to £1 per £2 over the next decade.
- The impact on disabled young people and those with fluctuating conditions needs careful scrutiny. Effective support, transitional protections and clarity on eligibility and safeguarding will be needed before major changes.

6. Early intervention and prevention

- The risk of becoming NEET can often be identified before age 16, through factors including persistent absence, low attainment, unmet SEND needs, mental ill health, poverty and family circumstances.
- The review proposes earlier identification through RONI tools, stronger Family Hubs and coordinated action across schools, health, children's services and family support.
- Its school readiness and foundational skills ambitions reinforce the importance of prevention from early childhood through adolescence.
- For local areas, the key test will be whether identification leads to timely, properly resourced support, rather than additional monitoring and referrals without capacity.
- Sustained investment and shared accountability will be essential to prevent disengagement becoming entrenched.

7. Government response and implementation

- Government has endorsed the need for systemic reform, with the Prime Minister and Cabinet backing a cross-government approach spanning education, health, employment and welfare.
- It rejects the suggestion that young people lack aspiration, emphasising the responsibility of government and partners to create meaningful opportunities and support.
- The stated direction is to move from managing inactivity towards improving life chances, with greater investment in prevention, participation and work. Government highlighted that NEET rates have remained above 10% for 25 years.
- In its initial response to the review, government accepts the case for personalised, devolved local support: one place to turn, one responsible person and one plan for young people outside EET, supported by stronger local leadership.
- It supports a new Youth Opportunity Guarantee offering credible routes into education, training or employment, alongside expectations to participate where able.
- Government has outlined a Youth Allowance while young people engage with support, additional provision for care leavers and those outside the family home, continued disability-related help, locally held flexible funding and a stronger safety net for those unable to work.

- A cross-government Youth Opportunities Unit is planned, it will report directly to the Prime Minister to oversee implementation, with devolved delivery arrangements intended to benefit young people across the UK.
- The existing Jobs Guarantee will be expanded by reducing the qualifying period out of work or training from 18 to 12 months, offering fully funded six-month jobs matched to skills.
- Implementation will build on apprenticeships for under-25s, the Youth Guarantee and youth hubs. The Timms Review will inform a government White Paper in the new year, followed by legislation.
- The review's detailed recommendations should not be treated as agreed policy pending further government decisions and implementation detail.