

# Earning or Learning

A New Agenda for Youth  
NEET Reduction

May 2026

Education & Skills



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The views in this report are those of the author and Policy Connect. Whilst these were informed by the contributors to our inquiry, they do not necessarily reflect the opinions of those individuals and organisations.

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# Foreword

Across the United Kingdom, too many young people are being left without a foothold in either education or work. The latest figures show that close to a million 16-24-year-olds are not in education, employment, or training (NEET), a rate that has risen since before the pandemic and now compares unfavourably with many of our international peers. Behind these numbers are young people whose talents risk being wasted: those managing long-term health conditions, caring for family members, struggling to make ends meet, or simply unable to see a route from school to a secure job. Tackling the high numbers of young people not earning or learning is not a marginal issue. It is central to our country's economic prospects, our social cohesion, and our sense of fairness between generations.

The evidence gathered for this report is striking not because it is dramatic, but because it is consistent. It shows that today's NEET challenge is driven by increases in both unemployment and economic inactivity, often linked to a rise in mental ill health. It shows young people who want to move forward but are blocked by rules that make learning a financial risk, by a school system that sidelines vocational routes, and by the absence of trusted support at key transition points. It also shows that when the right support is in place, young people respond quickly and decisively.

We can continue to absorb the costs of high NEET levels in lost growth, lower tax receipts, and higher spending on crisis services, or we can choose to invest earlier in what we know works: stable youth work, serious careers education, accessible local provision, and financial rules that do not punish low-income families when a young person starts to study or train. In tight fiscal circumstances, this is not an argument for blank cheques; it is an argument for putting limited resources behind policy solutions informed by evidence and expertise.

We welcome the introduction of a Youth Guarantee and the recognition that every young person should have a clear offer to earn or learn. But unless accountability, benefits, local funding, and data are reshaped around that promise, the young people who are furthest from the system will remain furthest from its benefits. The recommendations in this report are deliberately practical: they are designed to be used by Ministers, officials, mayors, councillors, colleges, employers and youth organisations who are ready to do things differently.



**Lauren Edwards MP**  
**Co-Chair**

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**Lord Shinkwin**  
**Co-Chair**



**The Rt Hon. Sir John  
Hayes CBE MP**  
**Vice-Chair**

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**The Rt Hon. the Baroness  
Garden of Frognal**  
**Vice-Chair**

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# Executive Summary

The United Kingdom faces a generational challenge. From October 2025 to December 2025, young people aged 16-24 who are not in education, employment or training (NEET) account for 12.8% of their age group, roughly 957,000 across the country.<sup>1</sup> This is the second-highest figure in more than a decade and represents an increase of approximately 196,000 compared to pre-pandemic levels.<sup>2</sup>

The Labour Government's response represents a substantial step-change in political commitment to reducing the youth NEET rate. In December 2025, the Government announced an £820 million Youth Guarantee package, followed by a further £1 billion expansion on 16 March 2026 alongside the reforms to the Growth and Skills Levy. Together, these measures amount to £2.5 billion over the next three years and are designed to create up to 500,000 additional opportunities for young people aged 16-24 to earn or learn.<sup>3</sup>

Yet the scale of investment, while necessary, is not sufficient given the scale and stubbornness of the challenge. Building on the interim findings published in December 2025 and drawing on evidence from over 200 stakeholders, 75 written submissions, and the lived experiences of young people, this report argues that NEET reduction agendas must be aligned with skills participation.<sup>4</sup> Both economic inactivity and non-participation in education contribute to the sustained high NEET figure, alongside unemployment, so reducing NEET rates requires a system that makes skills participation accessible, financially viable, and meaningfully connected to the labour market.

The report sets out four chapters, each with actionable recommendations:

**Chapter 1: Laying the Foundation – Prevention, Pathways, and Early Support.** The current accountability framework, dominated by the English Baccalaureate (EBacc) and Progress 8, creates strong incentives for secondary schools to prioritise a narrow suite of academic qualifications, limiting access to technical and vocational routes for many young people at risk of becoming NEET. This chapter recommends reforms to school accountability,

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1 Youth Futures Foundation, 'Trends in young people not in education, employment or training (October – December 2025)', (2026); Office for National Statistics (ONS), 'Young people not in education, employment or training (NEET), UK: February 2026', (2026).

2 The highest NEET rate in the past 10 years was July-September 2024 (see ONS, 'Young people not in education, employment or training (NEET), UK: November 2024, (2024)'). The NEET rate just before the pandemic impacted the UK was 11.1% (see ONS, 'Young people not in education, employment or training (NEET), UK: February 2020 (2020)') compared with the most recent rate of 12.8% (see: ONS, 'Young people not in education, employment or training (NEET), UK: February 2026', 2026).

3 Department for Work and Pensions, 'Major Employment Drive to Help Unlock 200,000 New Jobs and Apprenticeships for Next Generation', GOV.UK, (2026).

4 Hwang, 'Skills Commission Interim Report', Policy Connect, (2025).

universal high-quality work experience, accessible vocational routes for those without Level 2 qualifications, and the rollout of Individual Placement and Support for Youth (IPS-Y) as the default offer for young people with significant mental health needs.

### **Chapter 2: Making Participation Possible Now – Financial Security and Incentives.**

Financial barriers make sustained participation in education and training unrealistic for many disadvantaged young people. The 16–19 Bursary Fund is around one-quarter of the value of the Education Maintenance Allowance programme it replaced, once overall funding levels are compared, and transport, childcare, and benefit rules can leave young people worse off when they study. This chapter recommends transforming financial support for 16-19-year-olds, aligning Universal Credit (UC) rules with skills participation, and providing targeted protections for young carers, care leavers, and young parents.

### **Chapter 3: Power Delivery Locally – Youth Services and Devolved Opportunity Funds.**

Spending cuts to youth services have severely weakened the infrastructure through which young people at risk of becoming NEET can be identified and supported. The remaining provision is characterised by short-term funding streams that undermine sustained engagement, while Local Skills Improvement Plans contain no statutory requirement to plan for Youth Guarantee delivery. This chapter recommends restoring youth services as a statutory function, devolving a multiyear Youth Opportunity Fund to local authorities and embedding a Youth Guarantee Implementation Chapter in every Local Skills Improvement Plan.

### **Chapter 4: Building the Architecture for a Youth-Ready System – Data, Employers,**

**and Long-Term System Reform.** The current system is characterised by fragmented data, high administrative burdens for Small and Medium-sized Enterprises (SMEs), and weak alignment between local provision and actual labour market needs. This chapter proposes a Youth Data Duty under the Data Use and Access Act 2025, a single employer-facing digital platform for Youth Guarantee participation, and a Local Jobs First procurement rule to generate additional entry-level opportunities.

Across all four chapters, the evidence points to a consistent set of design principles: treating prevention as important as intervention; holistic, relational support instead of narrow, target-driven programmes; long-term, flexible funding rather than short-term pots; and devolved delivery within a clear national framework. These principles draw on a wide evidence base, including randomised controlled trials, longitudinal evaluations, and the direct testimony of young people and sector leaders.

# Context: Policy Overview and Evaluation of Challenges

## The Scale and Nature of the NEET Challenge, 1990–2026

The high youth NEET rate in the United Kingdom is not a new phenomenon, but its character has changed over three decades. Linked administrative data from 1975–2015 show that the NEET rate fell from the 1980s, driven by fewer young people leaving school without qualifications, reduced early parenthood among young women, and sustained employment growth.<sup>5</sup> The rates reached a plateau in the early 2000s, which was disrupted by the 2008 Global Financial Crisis that drove the 16–24 NEET rate to approximately 17% before a gradual recovery.<sup>6</sup>

A key structural change since the 2010s has been the proportion of NEET young people who are unemployed as compared with those who are economically inactive (not seeking work). This is due to a decline in unemployment (down five percentage points since 2013) while young people's economic inactivity has increased over the same period (up three percentage points).<sup>7</sup> The rise in economic inactivity as a share of the NEET population is in turn driven in large part by disability and ill health, including mental illness. Indeed, as of 2024/25, 45% of NEET young people aged 16–24 are disabled (including long-term illness), up from 24% since 2013/14.<sup>8</sup>

The post-pandemic period has intensified this shift. The number of young people claiming UC Health and Employment Support Allowance has increased by more than 50% in the last five years, with 80% of young people on the UC Health element citing mental health or a neurodevelopmental condition.<sup>9</sup>

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5 Holmes et al., 'What Accounts for Changes in the Chances of Being NEET in the UK?', Blavatnik School of Government, University of Oxford (2019).

6 Cruikshanks, 'Five Charts That Explain the Rise in NEET Rates', Education Policy Institute, (2026).

7 ONS, 'Labour Force Survey: Unemployment rate: UK: All: Aged 16–24: %: SA', (2026); ONS, 'Labour Force Survey: Economic inactivity rate: Aged 16–24: UK: All: %: SA' (2026); Youth Futures Foundation, 'Trends in young people not in education, employment or training (October – December 2025)', (2026). Since 2022 youth unemployment has been rising but has still not reached 2013 levels.

8 Department for Work and Pensions, 'The employment of disabled people 2025', GOV.UK, (2026).

9 Department for Work and Pensions, 'Thousands to Be Supported into Work as Government Reforms Welfare System', GOV.UK, (2026).

Disaggregated analysis from the Social Mobility Commission's (SMC) State of the Nation 2025 report underscores the structural nature of the current NEET challenge and the extent to which headline national figures conceal entrenched disadvantage.<sup>10</sup> The SMC finds that, over the three years to 2024, 22% of young people from lower working-class backgrounds were NEET, compared with 9% of those from higher professional backgrounds, and that this gap has remained largely unchanged for a decade. This persistence reflects the interaction of family background, local labour market conditions, and systemic barriers in the education and skills system, which together create what the SMC terms "opportunity traps" – environments in which young people are prevented from realising their potential irrespective of ability or effort.

## The Policy Landscape, 2025–2026

The Labour Government has taken significant action since entering office in 2024. The Post-16 Education and Skills White Paper (October 2025) introduced automatic guaranteed college places for all 16-year-olds, and mandatory work experience for all students in secondary education.<sup>11</sup> More recently, the Government has changed benefits rules so that claimants have a 'right to try' employment or volunteering.<sup>12</sup>

The Get Britain Working White Paper established the Youth Guarantee as the central mechanism for reducing youth NEET rates.<sup>13</sup> The 16 March 2026 announcement added a Youth Jobs Grant worth £3,000 for each young person aged 18-24 hired from UC after six months, expanded the Jobs Guarantee from 18-21 to 18-24-year-olds, and introduced new apprenticeship incentives for SMEs.<sup>14</sup>

Skills England is tasked with reducing fragmentation in the skills system, developing sector-level job plans, shaping national and local skills pipelines, and working with Strategic Authorities and employer partners to align provision with labour market needs. It has set an ambitious Government target of two-thirds of young people participating in higher-level learning by age 25, and has confirmed foundation apprenticeships for retail and hospitality, apprenticeship 'units', and full funding for apprenticeships for under-25-year-olds in non-levy-paying firms from 2026-27.<sup>15</sup>

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<sup>10</sup> Social Mobility Commission, 'State of the Nation 2025', GOV.UK, (2025).

<sup>11</sup> Department for Education, Post-16 Education and Skills White Paper, GOV.UK, (2025).

<sup>12</sup> Department for Work and Pensions, 'Right to Try: summary', GOV.UK, (2026).

<sup>13</sup> Department for Work and Pensions, Get Britain Working White Paper, GOV.UK, (2024).

<sup>14</sup> Department for Work and Pensions, 'Major employment drive to help unlock 200,000 new jobs and apprenticeships for next generation', GOV.UK, (2026).

<sup>15</sup> Prime Minister's Office, 10 Downing Street, 'Prime Minister Unveils Reforms to Transform Further and Higher Education', GOV.UK, (2025).

Devolved nations offer important lessons. Scotland's Developing the Young Workforce strategy emphasises employer engagement, work-based learning, and integration of career education from early years, supporting 25,500 Modern Apprentices and 2,500 Foundation Apprentices annually. Wales's Young Person's Guarantee has supported over 48,500 young people since its 2021 launch, with more than 6,000 progressing into employment, and has set an ambitious milestone of 90% of 16-24-year-olds in education, employment or training by 2050. Northern Ireland, by contrast, currently lacks a unified youth employment strategy following the lapse of Pathways to Success in 2020.<sup>16</sup>

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16 Scottish Government, 'Developing Young Workforce Strategy - Impact on Education: Evaluation', GOV.SCOT, (2023); Welsh Government, 'Young Person's Guarantee: Highlight Report March 2024 to March 2025', GOV.WALES, (2025); Department for the Economy Northern Ireland, 'Pathways to Success: Improving the Life Chances of the Most Vulnerable Young People', ECONOMY-NI. GOV.UK, (2012).

# Recommendations

## Chapter 1: Laying the Foundation – Prevention, Pathways, and Early Support

- 1. The Department for Education (DfE) should align school accountability with delivery of the Youth Guarantee by embedding high quality technical and vocational routes within Progress 8, Ofsted, and local skills planning. Specifically, DfE should:**
  - a) Amend Progress 8 guidance so that approved technical and vocational qualifications can count in the “open” and breadth slots (5-6) on an equivalent footing to other subjects, where they are part of coherent 14-16 pathways into education or training that are also offered to UC claimants under the Youth Guarantee.
  - b) Update Ofsted inspection frameworks so that every secondary school is expected to offer, or actively partner to provide, access to at least one clearly signposted 14-16 applied learning route that reflects local labour-market demand.
  - c) Require Local Skills Improvement Plans to include a dedicated 14-16 technical and vocational access section that maps school-college-employer pathways directly onto the local Youth Guarantee offer, rather than only describing sectoral priorities.
  
- 2. The Department for Education should guarantee accessible vocational and technical pathways for young people who have not yet achieved English and Maths at Level 2, with a particular focus on those in alternative provision and with special educational needs and disabilities (SEND). This should include:**
  - a) Requiring every further education college and relevant provider to offer clearly signposted, funded foundation and Level 1-2 vocational routes which integrate flexible English and Maths provision (including functional skills and contextualised learning), so that lack of GCSEs does not become a hard barrier to progression.
  - b) Investing, through an uplift to the High Needs Block and associated funding streams, in transition support roles (for example, Transition Coordinators) to help young people in alternative provision and those with SEND or health conditions move from school into these vocational routes and on to sustained positive destinations, rather than falling off a post-16 or post-18 “cliff edge”.

3. The Government should fully deliver the Post-16 Education and Skills White Paper’s work experience entitlement as the pre-16 arm of the Youth Guarantee, by funding a Work Experience Coordinator in every Careers Hub and requiring Mayoral Strategic Authorities and combined authorities to set minimum placement standards and volume targets in their Youth Guarantee plans, with safeguards against displacement of high-intensity schemes such as T-Levels.
4. The Department for Work and Pensions, the Department for Health and Social Care, and NHS England should co-commission Individual Placement and Support for Youth (IPS-Y) pilots as the default Youth Guarantee offer for 16–24-year-olds with significant mental health needs. To do this, they should:
  - a) Conduct randomised controlled trials to build a robust evidence base within the UK context.
  - b) Allocate a time-limited IPS-Y pilot budget from within the Youth Guarantee and Jobs Guarantee funding, explicitly linked to improving the employment outcomes and sustaining Jobs Guarantee placements for young people with health conditions.
  - c) Invite interested Integrated Care Systems and Youth Guarantee trailblazer areas to bid for matched funding, drawing on existing mental health expansion and IPS-Y budgets, Transformative Inactivity Trailblazers and devolved employment/skills funds, on condition that IPS-Y is fully integrated into local youth hubs and skills pathways.
  - d) Commission an expert organisation to provide a youth-specific fidelity framework, workforce training, and evaluation, ensuring that IPS-Y adheres to the evidence-based model while being adapted for younger cohorts and education-linked outcomes.

## Chapter 2: Making Participation Possible Now – Financial Security and Incentives

5. To make the Youth Guarantee meaningful for young people from every background, the Government should transform 16-19 financial support by:
  - a) Increasing the 16-19 Bursary Fund from £160 million to £400 million annually, enabling an average discretionary bursary of £1,000 per eligible learner (free school meals, care leavers, household income <£25,000).
  - b) Increasing the vulnerable student bursary from £1,200 to £2,000 annually, indexed to inflation with a dedicated digital access element.
  - c) Funding a national 16-18 free bus entitlement, modelled on Greater Manchester’s “Our Pass” scheme, delivered through Mayoral Strategic Authorities and local transport authorities.

- d) Increasing the Care to Learn support (support for young parents) from the current maximum of £190/week (London) or £175/week (outside London) to cover actual childcare costs.
- 6. The Department for Work and Pensions (DWP), alongside the Department for Education (DfE), should align the benefits system with skills participation so that young people are not penalised for learning or training, and those facing additional barriers can realistically participate. This should include:**
- a) Introducing a “Participation Protection” rule so that:
    - i. 16-18-year-olds from low-income households (e.g. those currently eligible for free school meals or on legacy benefits) do not see a net reduction in household income as a direct result of taking up full-time education, training, or an apprenticeship; and
    - ii. 18-24-year-olds on the Youth Guarantee who move from out-of-work benefits into learning or apprenticeship routes with lower rates of pay are not made worse off in cash terms at the point of transition.
  - b) Using existing SSDA903 Data (children looked after data return) to trigger DfE intervention where more than 10% of care leavers aged 18-21 are in unsuitable accommodation, requiring Housing Improvement Plans so that housing instability does not prevent this group from taking up Youth Guarantee opportunities.
  - c) Amending Universal Credit (UC) Regulation 14 (‘Receiving Education’) to exempt young carers with verified caring responsibilities of 20 hours or more per week from the student rule, allowing them to receive UC while studying full-time, so that caring responsibilities do not force them to abandon education.
  - d) Establishing a joint DWP-DfE Ministerial Taskforce to design and pilot a time-limited “Second Chance Study Waiver” for the 16-hour rule, specifically for 18-24-year-olds without a Level 3 qualification, testing whether allowing full-time study to count towards conditionality leads to higher skills and tax receipts over time.
  - e) Extending the higher UC work allowance to all apprentices and Jobs Guarantee participants aged 18-24, so that young people in learning or apprenticeships with lower rates of pay and entry-level jobs keep more of what they earn.

## **Chapter 3: Power Delivery Locally – Youth Services and Devolved Opportunity Funds**

- 7. The Government should commit to the restoration of the youth services fund, phased over the parliamentary term.**

- a) The Government should also recognise youth services as a vital outreach and engagement arm of the Youth Guarantee, updating Section 507B of the Education Act 1996 to include NEET prevention as one of the core duties alongside leisure provision.
- 8. As an extension to the Better Futures Fund, the Department for Culture, Media and Sport should devolve a consolidated multi-year ‘Youth Opportunity Fund’ to local authorities, ringfenced for NEET prevention but flexible in delivery.**
  - a) This fund should be overseen by statutory Youth Skills Boards where paid youth representatives, inclusive of young people from marginalised backgrounds and with experience of being NEET, hold at least 20% of voting rights to ensure provision meets actual local needs.
- 9. The Government should mandate that every Local Skills Improvement Plan include a statutory “Youth Guarantee Implementation Chapter” as a condition of approval.**
  - a) This chapter should detail how the area will prepare for and deliver the national Youth Guarantee rollout, granting local boards statutory discretion to tailor the mix of training, employment subsidies, and engagement activities (such as transport support or mobile hubs) to specific local labour market and demographic realities, while adhering to national minimum entitlement standards.

## **Chapter 4: Building the Architecture for a Youth-Ready System – Data, Employers, and Long-Term System Reform**

- 10. The Department for Education (DfE), the Department for Work and Pensions (DWP), and Skills England should take a phased approach to improving local access to education-to-employment data, starting with pilots in Youth Guarantee trailblazer areas. In phase one, DfE, DWP, and Skills England should:**
  - a) Work with Mayoral Strategic Authorities to test secure, privacy-compliant access to de-identified Longitudinal Education Outcomes (LEO) data for strategic planning, rather than individual-level casework, with clear information governance protocols and technical support.
  - b) Use the new powers in the Data (Use and Access) Act 2025 to introduce a Youth Data Duty on national government, requiring automatic sharing of real-time participation status (in education, training, employment, or NEET) with local authorities and Mayoral Strategic Authorities for all 18-24 year olds, to identify ‘hidden’ NEET young people, and so support Youth Guarantee outreach.

- c) Publish a short implementation plan setting out the legal and technical model from the pilots; a standard data-sharing template and governance framework for wider roll-out; and a timetable for extending the Youth Data Duty and LEO-based dashboard to all local areas.

**11. The Department for Education, Skills England, the Department for Work and Pensions, and the Department for Business and Trade should establish a single, streamlined ‘Youth Opportunities for Employers’ service that reduces administrative and compliance burdens on SMEs participating in the Youth Guarantee, apprenticeships, and work experience offers. This service should:**

- a) Provide one digital front door where employers can advertise apprenticeships, Youth Jobs Grant roles, work experience placements, and supported internships, instead of navigating multiple portals and schemes.
- b) Introduce standardised, proportionate paperwork and assurance for small employers, developed with SME representatives and sector bodies (for example, a single simplified agreement, shared insurance and safeguarding assurances, and templated training plans).
- c) Offer local brokerage and support for SMEs through Careers Hubs, Jobcentre Plus, Chambers of Commerce, and trusted intermediaries, covering vacancy design, recruitment, provider liaison, and HR processes, recognising that time and complexity are often greater barriers than direct wage costs.
- d) Rationalise and re-target employer incentives by replacing fragmented, tiered grant schemes with fewer, better-targeted incentives focussed on genuine additional opportunities for young people at risk of NEET, informed by evaluations of deadweight and fraud in previous grant programmes.
- e) Commit Skills England to co-design iterative process changes with employer panels and publish an annual employer experience dashboard drawing on regular SME surveys to track perceived red tape, ease of access, and satisfaction.

**12. Local and combined authorities should introduce a ‘Local Jobs First’ Rule for all major council contracts (modelled on the successful County Durham Pound). This rule would:**

- a) Require any company winning a contract over £1 million to sign a ‘Hiring Guarantee,’ committing them to create new, dedicated apprenticeships for local young people who are currently out of work.

## Chapter 1: Laying the Foundation – Prevention, Pathways, and Early Support

### 1.1 A System Biased Against Vocational Learning

The English secondary education system is structurally misaligned with the needs of young people at risk of becoming NEET. The Government’s headline accountability instruments, principally the EBacc and the Progress 8 performance framework, create strong incentives for secondary schools to concentrate curriculum provision on a narrow suite of traditional academic qualifications, limiting the space available for vocational, technical and creative pathways. The National Pupil Database corroborates this claim: GCSE entries outnumber Technical Award entries by a margin of 16 to 1 (as of 2025).<sup>17</sup> The structural weighting of Progress 8, estimated at 70:30 in favour of traditional academic subjects, further embeds this hierarchy within decision-making in schools.<sup>18</sup> Furthermore, while disadvantaged pupils and those with low prior attainment are overrepresented among Technical Award candidates, evidence shows that schools serving the most deprived communities are least likely to offer vocational or creative courses. DfE research from 2019 demonstrates that Technical Awards are associated with a 23% reduction in unauthorised absences and a 62% reduction in permanent exclusions, which are precisely some of the behaviours that predict NEET outcomes. Yet, these qualifications remain marginalised by the accountability framework.<sup>19</sup>

The Curriculum and Assessment Review (November 2025) acknowledged that the EBacc “has to some degree unnecessarily constrained students’ choices”, affecting “engagement and achievement” and “limiting their access to arts and vocational subjects”.<sup>20</sup> The Government has accepted the recommendation to scrap the EBacc, but its proposed restructuring of Progress 8 has drawn sharp criticism for still failing to give vocational qualifications parity: placing them only in “choice” slots (7 and 8) effectively compels schools to run two separate curriculum streams if they wish to offer vocational pathways at all.<sup>21</sup>

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17 Swann, ‘GCSE and level 1 and 2 results 2025 at a glance’, (2025).

18 Steedman Thake, ‘AGA’, Creativity, Vocational Skills and Progress 8, (2023).

19 Department for Education, ‘Non-GCSE Qualifications in England: Key Stage 4 Entries and Absence and Exclusions Outcomes’, DFE-00062-2019 (2019).

20 Francis, ‘Curriculum and Assessment Review Final Report’, Department for Education, (2025).

21 Thomson, ‘How Will Qualification Entry Patterns Change as a Result of Changes to Attainment 8?’, FFT Education Datalab, (2026).

# Laying the Foundation – Prevention, Pathways, and Early Support

Further, the phased removal of BTECs in favour of V-Levels, a new vocational pathway sitting alongside A-Levels and T-Levels, has created sustained uncertainty for learners on qualifications subject to rolling defunding decisions. While the latest extension of BTEC funding into 2026-27 is welcome, this is the third such delay since 2021, and continuous reform and policy churn particularly disrupt vocational learners and those making post-16 choices.<sup>22</sup>

## Recommendation 1: Reform School Accountability to Embed Technical and Vocational Pathways

The Department for Education (DfE) should align school accountability with delivery of the Youth Guarantee by embedding high quality technical and vocational routes within Progress 8, Ofsted, and local skills planning. Specifically, DfE should:

- a. Amend Progress 8 guidance so that approved technical and vocational qualifications can count in the “open” and breadth slots (5-6) on an equivalent footing to other subjects, where they are part of coherent 14-16 pathways into education or training that are also offered to UC claimants under the Youth Guarantee.
- b. Update Ofsted inspection frameworks so that every secondary school is expected to offer, or actively partner to provide, access to at least one clearly signposted 14-16 applied learning route that reflects local labour-market demand.
- c. Require Local Skills Improvement Plans to include a dedicated 14-16 technical and vocational access section that maps school-college-employer pathways directly onto the local Youth Guarantee offer, rather than only describing sectoral priorities.

## 1.2 Why Parity Matters for NEET Prevention

The National Foundation for Education Research’s review of NEET prevention at Key Stage 4 found that programmes combining vocational qualifications with work experience for pupils identified as at risk in Year 9 resulted in the vast majority of students being engaged in their intended destination after completing GCSEs.<sup>23</sup> Enabling schools to count high-quality vocational qualifications fairly within Progress 8 would remove a structural disincentive to offer these pathways, strengthen 14-16 preparation for education and training options such as

<sup>22</sup> Department for Education, Post-16 Level 3 and Below Pathways Government Consultation Response, (2026).

<sup>23</sup> McCrone and Bamford, ‘NEET Prevention: Keeping Students Engaged at Key Stage 4’ National Foundation for Educational Research, (2016).

T-Levels, apprenticeships and college routes, and align the accountability framework with the Government’s own qualification reforms.

## **Recommendation 2: Guarantee Accessible Vocational Pathways for Young People Without Level 2 Qualifications**

The Department for Education should guarantee accessible vocational and technical pathways for young people who have not yet achieved English and Maths at Level 2, with a particular focus on those in alternative provision and with special educational needs and disabilities (SEND). This should include:

Requiring every further education college and relevant provider to offer clearly signposted, funded foundation and Level 1-2 vocational routes which integrate flexible English and Maths provision (including functional skills and contextualised learning), so that lack of GCSEs does not become a hard barrier to progression.

- a. Investing, through an uplift to the High Needs Block and associated funding streams, in transition support roles (for example, Transition Coordinators) to help young people in alternative provision and those with SEND or health conditions move from school into these vocational routes and on to sustained positive destinations, rather than falling off a post-16 or post-18 “cliff edge”.

Analysis shows that not having level 2 qualifications is the biggest predictor of whether a young person will become NEET.<sup>24</sup> Welsh Government research using linked administrative data found that young people who do not achieve Key Stage 4 Level 2 are almost ten times more likely to become NEET than those who do.<sup>25</sup> Analysis by the National Centre for Social Research identifies having a qualification below Level 2 as one of the strongest independent predictors of NEET status, persisting even after controlling for other disadvantage characteristics.<sup>26</sup> DfE’s longitudinal analysis of post-16 pathways shows that those leaving school without Level 2 English and Maths face severely constrained access to further training and employment and are disproportionately represented in the NEET population by ages 19-20.<sup>27</sup>

This is not an immutable characteristic of individuals but reflects a structural system in which accessible alternatives are scarce once the GCSE threshold has been missed. The ‘low skills trap’ identified in recent longitudinal research shows that failures in education

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24 The National Centre for Social Research, ‘Risk factors for being NEET among young people’, Youth Futures Foundation, (2023).

25 Bathgate and Bird, ‘Identifying Young People at Risk of Becoming “Not in Employment, Education or Training”’, Welsh Government Social Research, (2013).

26 The National Centre for Social Research, ‘Risk factors for being NEET among young people’, Youth Futures Foundation, (2023).

27 Ross et al., ‘Post-16 Pathways: Analysis of Outcomes’, Department for Education, (2025).

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and social policy to provide meaningful post-compulsory routes for young people with low literacy rates contribute to persistent, long-term NEET status that becomes difficult to reverse. This reinforces the need for that making high-quality Level 1-2 vocational routes easily accessible.<sup>28</sup>

Practitioner evidence from the AutoRaise submission to this inquiry provides a current, sector-specific illustration of how employer-led vocational pathways can re-engage young people who were NEET and who could not engage with traditional academic routes. Lewis Green and Nathan Revell, engaged in Level 3 apprenticeships in the automotive repair sector and achieved sustained re-engagement in education and training, development of practical technical skills, improved confidence and workplace behaviours, and a clear progression pathway into skilled employment.<sup>29</sup> Both apprentices explicitly described lacking clear career direction and engagement with formal education before their apprenticeship, and identified the structured, employer-based learning environment - working alongside experienced technicians, with off-the-job technical training at EMTEC College - as the decisive factor in their re-engagement. Sector leaders in the submission emphasise that apprenticeships provide a structured way to develop both technical expertise and professional standards from the outset, while offering individuals a clear pathway to enter an industry and progress in it. This evidence directly supports the recommendation that accessible, high-quality vocational routes with structured employer partnerships should be embedded within the Youth Guarantee framework and available to young people who have disengaged from academic pathways.

## 1.3 Inadequate Careers Guidance and a Post-Education Cliff Edge

Careers education, information, advice and guidance (CEIAG) is central to preventing young people from becoming NEET, yet current provision is often fragmented and patchy post-16. The Careers and Enterprise Company has found that improved careers provision in schools and colleges has generated £300 million in annual savings to the Government through reduced NEET costs, prevented approximately 6,000 young people from becoming NEET each year, and saved £1.4 billion over five years. Yet only 32% of young people received face-to-face careers advice in 2025 (down from 40% in 2024), and just 23% had an employer visit their school.<sup>30</sup> Despite the 'Baker Clause' requiring schools to give providers of technical

28 van Vugt et al., 'The Low Skills Trap: The Failure of Education and Social Policies in Preventing Low-Literate Young People from Being Long-Term NEET', *Journal of Youth Studies*, (2024).

29 AutoRaise, written submission to the Skills Commission, (2026).

30 Youth Employment UK, '2025 Youth Voice Census Results', (2025).

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education access to pupils, 32% of surveyed young people report that apprenticeships were never discussed with them during secondary education.

### **Recommendation 3: Deliver the Work Experience Entitlement as the Pre-16 Arm of the Youth Guarantee**

The Government should fully deliver the Post-16 Education and Skills White Paper’s work experience entitlement as the pre-16 arm of the Youth Guarantee, by funding a Work Experience Coordinator in every Careers Hub and requiring Mayoral Strategic Authorities and combined authorities to set minimum placement standards and volume targets in their Youth Guarantee plans, with safeguards against displacement of high-intensity schemes such as T-Levels.

The association between employer engagement in secondary schools (Gatsby Benchmark 5) and improved labour market outcomes is among the most consistently replicated findings in the careers education literature. For example, each additional career talk with an employer is associated with an average wage premium of around 1.6% in adult earnings, and studies identify a clear dose-response pattern: young people with more frequent, higher quality encounters achieve better outcomes.<sup>31</sup>

Delivering work experience (Gatsby Benchmark 6) effectively and fairly at scale requires coordination capacity that many schools and employers currently lack. Inquiry evidence and recent survey data highlight barriers around safeguarding, insurance and placement quality, and show that a significant minority of schools record no workexperience at all in Year 10, suggesting that the system is not yet ready to meet new statutory expectations.

Careers Hubs, coordinated nationally by the Careers and Enterprise Company, provide the natural home for this coordination function. There are 44 Hubs across England, each built around networks of schools, colleges, and locally engaged employers. Hubs are responsible for supporting schools and colleges to achieve all eight Gatsby Benchmarks, the nationally recognised framework for careers education quality, and already have established relationships with employers in their areas. Benchmark 5, which requires every pupil to have employer encounters and Benchmark 6 which requires every pupil to have work experience, are among the most resource-intensive to deliver and the hardest for individual schools to coordinate.

31 Kashefpakdel and Percy, ‘Career Education That Works: An Economic Analysis Using the British Cohort Study’, *Journal of Education and Work*, (2017).

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Evidence collated through our inquiry supports the premise that funding a Work Experience Coordinator in every Careers Hub and requiring Mayoral Strategic Authorities and combined authorities to set minimum standards and volume targets would provide the infrastructure and accountability needed to turn entitlement into delivery.

Updated Gatsby Benchmark statutory guidance from September 2025 asks schools to plan for Year 10-11 work experience placements yet reports vary on defining the work experience gap that exists for young people. Official benchmark data from the Careers and Enterprise Company, collected from 94% of schools, states that 26% schools are not delivering the required provision, whilst other reports, such as a study from the Key Group state just 1.7% of pupils did 2 weeks' worth of work experience.<sup>32</sup> These findings highlight that the system might not be ready to deliver work experience at scale, and suggest that political will and statutory changes may not be enough to implement placements at the quality and quantity required to make an impactful change. The Mayoral Strategic Authorities and combined authority volume targets and minimum standards proposed in recommendation 3 provide the missing accountability layer that converts a statutory entitlement into a delivery reality.

## 1.4 The Youth Mental Health Crisis

Poor mental health is both a driver of NEET status and being outside education, employment or training can negatively impact mental health yet support services are often overwhelmed.<sup>33</sup> The Health Foundation reports that the share of NEET young people who cite ill health as a barrier to work surged by 70% in relative terms over a single decade, rising from 26% to 44% of all NEET young people between 2015 and 2025. Mental health conditions and neurodevelopmental diagnoses (e.g., anxiety, depression, autism, ADHD) account for more than two-thirds of all health-related barriers reported by young people who are NEET.<sup>34</sup> For the wider 16-24 population, the share reporting ill health as a barrier to work rose from 9% to 16% between 2015 and 2025, a 78% increase in relative terms in a decade. Over a third of children accepted onto Child and Adolescent Mental Health Services (CAMHS) waiting lists in 2020-21 were still waiting for treatment.<sup>35</sup>

32 The Careers and Enterprise Company, 'Insight Briefing: Gatsby Benchmark results for 2024/25' (2025); The Key Group, 'How Many Pupils Are Getting Work Experience?', (2024).

33 Department for Work and Pensions, 'Keep Britain Working Review: Final report', (2026); Youth Futures Foundation, 'Understanding young people's declining mental health', (2025); Department for Work and Pensions, 'Disabled people's employment in the UK: A thematic review of the literature', (2025).

34 Atwell et al., 'Why Are a Growing Number of Young People Who Are NEET Reporting Work-Limiting Health Conditions?' - The Health Foundation, (2026).

35 Children's Commissioner, 'The state of children's mental health services 2020/21', (2021). Department of Health and Social Care, 'Independent Review into Mental Health Conditions, ADHD and Autism: Interim Report', GOV.UK, (2026).

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Evidence from CatZero, a Humber-based personal development charity, demonstrates that addressing root drivers such as poverty, family breakdown, and trauma can achieve completion rates of approximately 95% on employability programmes with young people who present with multiple and complex mental health and social needs. CatZero CEO Adrian Tallon testified: *“Young people stay with us because they feel listened to and supported, and not because they’re chasing a certificate.”*

### **Recommendation 4: Co-Commission IPS-Y Pilots as the Default Youth Guarantee Offer for Young People with Significant Mental Health Needs**

The Department for Work and Pensions, the Department for Health and Social Care, and NHS England should co-commission Individual Placement and Support for Youth (IPS-Y) pilots as the default Youth Guarantee offer for 16–24-year-olds with significant mental health needs. To do this, they should:

- a. Conduct randomised controlled trials to build a robust evidence base within the UK context.
- b. Allocate a time-limited IPS-Y pilot budget from within the Youth Guarantee and Jobs Guarantee funding, explicitly linked to improving the employment outcomes and sustaining Jobs Guarantee placements for young people with health conditions.
- c. Invite interested Integrated Care Systems and Youth Guarantee trailblazer areas to bid for matched funding, drawing on existing mental health expansion and IPS-Y budgets, Transformative Inactivity Trailblazers and devolved employment/skills funds, on condition that IPS-Y is fully integrated into local youth hubs and skills pathways.
- d. Commission an expert organisation to provide a youth-specific fidelity framework, workforce training, and evaluation, ensuring that IPS-Y adheres to the evidence-based model while being adapted for younger cohorts and education-linked outcomes.

A newly published academic study has confirmed that health-related economic inactivity among young people in the UK is now a structural phenomenon, not a cyclical one, driven specifically by mental health and musculoskeletal conditions, and that the UK’s trajectory is not being replicated at the same scale in comparable advanced economies.<sup>36</sup> This matters fundamentally for the practical delivery of the Youth Guarantee. Many young people, such as those on the UC Health element, are not primarily facing a job-search problem but rather a health and participation barrier. In this context, the Youth Guarantee must be delivered as part of holistic package of support that includes health, and care must be taken to ensure

36 Haighton et al., ‘Health Related Economic Inactivity in Young People in the UK’, BMJ, (2026).

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benefit sanctions or the prospect of such sanctions, do not exacerbate mental illness.<sup>37</sup> The West Midlands Combined Authority’s (WMCA) Thrive into Work programme – an IPS-based employment support model embedded within Integrated Care System health pathways – provides important UK evidence at scale.<sup>38</sup> Evaluation data from WMCA confirm higher engagement rates (78% vs 68%) and higher job entry rates (34% vs 30%) than under comparator provision. While Thrive into Work is not exclusively a youth programme and does not replicate the fidelity specifications of IPS-Y, its outcomes demonstrate that IPS principles are translatable into NHS-embedded provision in the UK context and generate measurable advantages over standard employment support, addressing the generalisability concern that historically delayed IPS implementation in UK settings.

The Norwegian difference-in-differences study published in *Psychological Medicine* provides additional population-level evidence, finding that IPS implementation at the municipal level had a causal effect on employment outcomes for all young adults receiving temporary health-related welfare benefits.<sup>39</sup> This suggests positive spillover effects on the system as a whole when IPS is embedded as the default offer rather than a residual service.

The case for IPS-Y is strengthened by examining what the alternative actually delivers. Standard UC conditionality for 18-24-year-olds requires job search activity as the primary conditionality requirement; for those on the UC Health element, conditionality is reduced but rarely replaced with evidence-based clinical employment support. The Centre for Mental Health’s briefing on IPS states that even at five-year follow-up, IPS participants spend more time in employment, have longer job tenure, and have higher incomes, “supporting the proposition that if IPS can make people more employable, its potential benefits may extend over many years.”<sup>40</sup>

37 Department for Work Pensions, ‘The Impact of Benefit Sanctions on Employment Outcomes’, (2023) (which in turn cites Williams, ‘Punitive welfare reform and claimant mental health: The impact of benefit sanctions on anxiety and depression’, *Social Policy & Administration*, (2020). See also: Pattaro et. al., ‘The Impacts of Benefit Sanctions: A Scoping Review of the Quantitative Research Evidence’, *Journal of Social Policy*, (2022).

38 West Midlands Combined Authority, ‘Job Scheme Launches after Trial Helps More than 600 into Work’, (2020); West Midlands Combined Authority, written submission to the Skills Commission (2026).

39 Brinchmann et al., ‘The Societal Impact of Individual Placement and Support Implementation on Employment Outcomes for Young Adults Receiving Temporary Health-Related Welfare Benefits: A Difference-in-Differences Study’, *Psychological Medicine*, (2024).

40 Hutchinson, ‘A Guide for Integrated Care Systems’, Centre for Mental Health, (2022).

# Chapter 2: Making Participation Possible Now – Financial Security and Incentives

## 2.1 The Erosion of Financial Support for Post-16 Participation

The Education Maintenance Allowance (EMA), piloted from 1999 and introduced nationally in 2004, provided up to £30 per week (around £1,200 per academic year – equivalent to almost £55 per week in real-terms value) to young people from low-income households. The Institute of Fiscal Studies' evaluation of the national rollout found that the EMA increased full-time Year 12 participation by approximately 2.5% among free school meal-eligible students, with pilot effects of up to 8.8 percentage points for the lowest-attaining and most disadvantaged young people.<sup>41</sup> The EMA was abolished in England in 2011 and replaced by the 16-19 Bursary Fund, initially set at approximately £160 million per year, less than a third of EMA's £560 million annual cost. DfE's own impact evaluation of the transition found that the replacement resulted in an estimated 1.2-1.6 percentage point fall in Year 12 participation among students who would otherwise have been eligible for the full EMA award.<sup>42</sup>

The current 16-19 Bursary Fund remains at around £160 million, unchanged in cash terms since its introduction in 2011. In contrast, the original EMA would be worth approximately £900 million per year in today's prices, implying a substantial erosion of financial support for post-16 participation.

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41 Britton et al., 'The Short- and Long-Run Effects of the Education Maintenance Allowance', (2025); Emmerson et al., 'The Evaluation of Education Maintenance Allowance Pilots: Three Years' Evidence. A Quantitative Evaluation', The Institute for Fiscal Studies, (2004).

42 Britton et al., 'The 16 to 19 Bursary Fund Impact Evaluation - Interim Report', Department for Education, (2014).

## Making Participation Possible Now – Financial Security and Incentives

### Recommendation 5: Transform 16-19 Financial Support

To make the Youth Guarantee meaningful for young people from every background, the Government should transform 16-19 financial support by:

- a. Increasing the 16-19 Bursary Fund from £160 million to £400 million annually, enabling an average discretionary bursary of £1,000 per eligible learner (free school meals, care leavers, household income <£25,000).
- b. Increasing the vulnerable student bursary from £1,200 to £2,000 annually, indexed to inflation with a dedicated digital access element.
- c. Funding a national 16-18 free bus entitlement, modelled on Greater Manchester’s “Our Pass” scheme, delivered through Mayoral Strategic Authorities and local transport authorities.
- d. Increasing the Care to Learn support (support for young parents) from the current maximum of £190/week (London) or £175/week (outside London) to cover actual childcare costs.

### — Bursary Fund

The proposed £400 million allocation is designed to reverse a substantial share of the real-terms reduction in participation support since 2011 and to reflect cohort growth and the cost-of-living pressures facing young people in 2026. DfE’s equality impact assessment of the EMA replacement acknowledged that EMA “had an impact on participation when it was introduced” and was “paid to 45% of 16-18-year-olds in further education”, suggesting that any meaningful participation support offer must reach a sizeable proportion of the disadvantaged cohort rather than a narrowly defined vulnerable minority.<sup>43</sup> At £400 million, an average discretionary bursary of £1,000 per eligible learner (approximately 400,000 learners on free school meals or with household income below £25,000) becomes feasible, broadly aligning with the real terms value of the EMA award for eligible students in the mid-2000s.

Using the 16-19 Bursary Fund impact evaluation’s own cost-effectiveness metrics, the shift from EMA to the Bursary Fund resulted in fewer young people participating and achieving Levels 2 and 3 for every £1 million saved. Like the EMA, our proposed 16-19 Financial

<sup>43</sup> Department for Education, ‘EMA Replacement Scheme: 16 to 19 Bursaries and Associated Transitional Arrangements - Equality Impact Assessment’, (2011).

## Making Participation Possible Now – Financial Security and Incentives

Support changes should be evaluated throughout delivery to measure impact on well-being, participation, attainment, and other NEET risk indicators.<sup>44</sup>

### — Travel Subsidies

Greater Manchester’s Our Pass scheme provides eligible 16-18-year-olds and care leavers aged 18-21 with free bus travel and reduced tram fares across the city-region for a one-off fee of £10. Evaluation by the Greater Manchester Combined Authority (GMCA) found that 91% of young people said Our Pass had increased their personal freedom; 86% said it had helped them take part in new experiences; and the scheme directly improved access to jobs, training, and cultural opportunities for young people who couldn’t otherwise afford to travel. GMCA has committed £16.2 million annually to continue the scheme, citing positive impacts on participation and social inclusion.

Scaling an Our Pass-style entitlement nationally for 16-18-year-olds would require investment on the order of £150-200 million per year, based on population-weighted extrapolation from Greater Manchester. This would be a significant but targeted investment compared with the estimated annual macroeconomic costs of youth NEET and would directly address a frequently cited barrier by young people and providers.

The SMC’s submission to this inquiry also supports this policy direction, recommending that “free or discounted public transport for young people be encouraged and extended across all devolved authorities [...] to ensure that the cost of a bus, train or tram ticket is not the reason a young person misses an opportunity for education, employment or training”.<sup>45</sup> The SMC further notes that transport connections must be improved more broadly, with over half of the country’s working-age population (57% as of 2019) living in areas with low public transport access to jobs, defined as within 45 minutes of travel time.<sup>46</sup> This body of evidence, from both an evaluated pilot model and an independent statutory commission, substantially strengthens the case for a nationally funded 16-18 free bus entitlement as a prerequisite for making the Youth Guarantee genuinely accessible to young people outside major urban centres.

44 The IFS evaluation shows that financial support like EMA does increase participation among disadvantaged young people. However, this study also found no impacts on attainment and a small negative impact over the long-term on employment outcomes for this group of young people. Therefore future interventions need to move beyond simple incentives to participate, or to participate in specific types of learning, and instead integrate cash transfers with wider programmes of transition support that encourage young people to engage in study or training that best matches their interests and opportunities, builds their work-readiness, and helps them overcome wider barriers to learning and engagement. For example, the incentive of EMA may have diverted some young people away from potentially higher-value training options and into programmes that were a poorer match for their needs. Reduced part-time working while receiving EMA may have limited opportunities to gain work experience and build workplace and employability skills. See: IFS, ‘The short- and long-run effects of the Education Maintenance Allowance’, (2025).

45 Social Mobility Commission, written submission to the Skills Commission, (2026).

46 Government Office for Science, ‘Inequalities in Mobility and Access in the UK Transport System’, GOV.UK, (2019).

## 2.2 A Benefits System That Penalises Learning

The interaction between UC and post-16 education creates perverse financial incentives that can discourage participation for many of the young people the Youth Guarantee is designed to reach. The benefits trap is particularly acute for care leavers, for whom increases in earnings trigger a rapid taper of benefits, making low-paid work or training a worse financial proposition than inactivity.<sup>47</sup> Young carers with significant caring responsibilities are excluded from UC under the student rule (Regulation 14, “Receiving Education”), forcing them to choose between caring for their family and maintaining eligibility for benefits.<sup>48</sup> The 16-hour rule, which limits UC claimants to studying no more than 16 hours per week before their benefits are reduced creates a further disincentive for 18-24-year-olds without a Level 3 qualification, preventing them from studying full-time while receiving UC.<sup>49</sup>

The low apprenticeship wage is a significant additional deterrent. Young workers are almost four times more likely to be on zero-hours contracts than the wider workforce, and insecure employment is itself a risk factor for returning to NEET status.<sup>50</sup> As Rochdale Borough Council argued in their submission: *“Foundation Apprenticeship salary costs should be funded via the Apprenticeship Levy / Growth and Skills Levy. It is unreasonable to expect an employer to pay the same salary to someone who is furthest away from employment as to someone who has a degree”*.<sup>51</sup> Without addressing wage costs and employment security, apprenticeships will continue to be inaccessible to those furthest from the labour market.

Trade union evidence to the inquiry, including from the Trade Union Congress and its Young Workers Programme, highlights that young people are significantly more likely than older workers to be in insecure work and to miss out on core employment rights, including protection from unfair dismissal and predictable hours; this reinforces the case for a Youth Guarantee that is tied to decent work standards to ensure the programme does not perpetuate the tendency for young people to experience precarious employment.<sup>52</sup>

47 Learning and Work Institute, ‘Care Leavers’ Experiences of the Welfare System – Summary of the Challenges That Care Leavers Face and Proposed Policy Changes’, (2025).

48 Flew, ‘Fixing a UC Inconsistency - Student Carers’, Child Poverty Action Group, (2022).

49 Department for Work & Pensions, ‘Universal Credit and Students’, GOV.UK, (2025).

50 Drive Forward Foundation, written submission to the Skills Commission, (2026).

51 Rochdale Borough Council, written submission to the Skills Commission, (2025).

52 Trade Union Congress, written submission to the Skills Commission, (2025).

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### Recommendation 6: Align the Benefits System with Skills Participation

The Department for Work and Pensions (DWP), alongside the Department for Education (DfE), should align the benefits system with skills participation so that young people are not penalised for learning or training, and those facing additional barriers can realistically participate. This should include:

- a. Introducing a “Participation Protection” rule so that:
  - (i) 16-18-year-olds from low-income households (e.g. those currently eligible for free school meals or on legacy benefits) do not see a net reduction in household income as a direct result of taking up full-time education, training, or an apprenticeship; and
  - (ii) 18-24-year-olds on the Youth Guarantee who move from out-of-work benefits into learning or apprenticeship routes with lower rates of pay are not made worse off in cash terms at the point of transition.
- b. Using existing SSDA903 Data (children looked after data return) to trigger DfE intervention where more than 10% of care leavers aged 18-21 are in unsuitable accommodation, requiring Housing Improvement Plans so that housing instability does not prevent this group from taking up Youth Guarantee opportunities.
- c. Amending Universal Credit (UC) Regulation 14 (‘Receiving Education’) to exempt young carers with verified caring responsibilities of 20 hours or more per week from the student rule, allowing them to receive UC while studying full-time, so that caring responsibilities do not force them to abandon education.
- d. Establishing a joint DWP-DfE Ministerial Taskforce to design and pilot a time-limited “Second Chance Study Waiver” for the 16-hour rule, specifically for 18-24-year-olds without a Level 3 qualification, testing whether allowing full-time study to count towards conditionality leads to higher skills and tax receipts over time.
- e. Extending the higher UC work allowance to all apprentices and Jobs Guarantee participants aged 18-24, so that young people in learning or apprenticeships with lower rates of pay and entry-level jobs keep more of what they earn.

### — ‘Participation Protection Rule’

The apprenticeship household income trap can disincentivise 16-18-year-olds from becoming apprentices. Youth Futures Foundation’s November 2024 research, conducted with the Centre for Research in Social Policy (CRSP) at Loughborough University using the established Minimum Income Standard methodology, provides a rigorous and relevant evidence base for recommending the introduction of a Participation Protection Rule.<sup>53</sup> The research finds

53 Padley, ‘Apprenticeships, Child Benefit and Universal Credit’, Youth Futures Foundation, (2024).

## Making Participation Possible Now – Financial Security and Incentives

that families lose approximately £80 per week in combined Child Benefit and the UC Child element when a young person aged 16 or over starts an apprenticeship rather than remaining in full-time education. This is because apprentices are treated as independent workers and the household immediately loses the UC Child element (approximately £62 per week) and Child Benefit (approximately £15.90 per week).<sup>54</sup>

The income comparison is stark. Without this support, a family with a young apprentice meets only 63% of the income needed for a minimum standard of living, compared to 90% if the same young person remained in full-time education. As Professor Matt Padley (CRSP Co-Director) concluded: *“decisions about whether or not to go for an apprenticeship rather than remaining in full-time education shouldn't be based on what it will mean for family living standards. Our welfare system should support a range of routes through employment, education and training for all young people, not create potential barriers.”*<sup>55</sup>

A Participation Protection rule removes this deterrent, ensuring that neither the household of a 16-18-year-old nor that of an 18-24-year-old on a Youth Guarantee pathway is made financially worse off at the point of transition into learning.<sup>56</sup> The design logic is transposable to a UK Participation Protection rule.

### — Housing Instability

There is evidence that housing instability is associated with lower educational outcomes, which is a NEET risk indicator.<sup>57</sup> Furthermore, data suggests considerable variation in the housing conditions of care experienced young people. DfE's Explore Education Statistics show high national averages for accommodation suitability but substantial local variation, with earlier BBC analysis finding that in some authorities, fewer than two-thirds of care leavers were in accommodation deemed suitable. The most recent published data (2025) shows that while 91% of 17-18-year-old care leavers and 89% of 19-21-year-old care leavers are in accommodation considered suitable nationally, these national averages conceal substantial local variation.<sup>58</sup> BBC/File on 4 analysis of earlier data found that in 15 local authorities, fewer

54 Youth Futures Foundation, 'Apprenticeships, Child Benefit and Universal Credit, exploring the impact of eligibility criteria on living standards and income adequacy', (2024). See also: Department for Work and Pensions, 'Social Security Advisory Committee Occasional Paper 27', (2026).

55 Centre for Research in Social Policy, 'Families Could Lose around £80-a-Week in Child Benefit and the Child Element of Universal Credit (UC) If a Young Person over 16 Starts an Apprenticeship Instead', Loughborough University, (2024).

56 John et al., 'Conditional Cash Transfers on the Labor Market: Evidence from Young French Jobseekers', (2024).

57 Children's commissioner for England, 'The impact of housing instability on children's GCSE grades', (2025); Youth Futures Foundation, 'Risk factors for being NEET among young people', (2023).

58 Explore Education Statistics, 'Care Leavers (Now 17-21 Years) - Whether Their Accommodation Is Suitable - by Local Authority, Data Set from Children Looked after in England Including Adoptions', Accredited official statistics, (2025).

## Making Participation Possible Now – Financial Security and Incentives

than two-thirds of young care leavers were living in accommodation deemed suitable, with figures as low as 40% in Wokingham and 42% in Kent.<sup>59</sup>

The DfE should use SSDA903 data, which is submitted annually by local authorities to the DfE to track outcomes for children in care and care leavers in England, to trigger an intervention when more than 10% of care leavers aged 18-21 are in unsuitable accommodation. This would provide an evidence-based, administratively light mechanism for targeting Housing Improvement Plans to areas with the greatest risk.

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59 Abrams, 'Care Leavers Placed in "Unsuitable" Accommodation - BBC News', BBC Radio 4's File on 4, (2015).

# Chapter 3: Power Delivery Locally – Youth Services and Devolved Opportunity Funds

## 3.1 The Collapse of Youth Services

Local authorities in England have faced a 73% cut in youth service spending (£1.2 billion) since 2010, representing a significant erosion of the relational infrastructure through which young people at risk of becoming NEET were identified, supported, and connected to pathways.<sup>60</sup> Research by UK Youth and the National Youth Agency estimates that for every £1 invested in youth work, there is a return of between £3.20 and £6.40 to the taxpayer, primarily through reduced crime, improved mental health, and enhanced employability.<sup>61</sup> Longitudinal and synthesis studies of youth work in the UK and Europe show that sustained access to youth work enhances young people’s confidence, social skills and aspirations; supports school engagement and educational progression; offers protection against violence, offending and exploitation through preventative, relationship-based practice; and promotes social inclusion and mental wellbeing.<sup>62</sup>

The collapse of youth services has left gaps that are often filled by short-term, output-driven programmes; inquiry evidence and research highlight that these models can struggle to provide the trust-based relationships associated with effective support.

### **Recommendation 7: Restore Youth Services as a Statutory NEET Prevention Function**

The Government should commit to the restoration of the youth services fund, phased over the parliamentary term.

- a. The Government should also recognise youth services as a vital outreach and engagement arm of the Youth Guarantee, updating Section 507B of the Education Act 1996 to include NEET prevention as one of the core duties alongside leisure provision.

60 YMCA, ‘Beyond the Brink? The State of Funding for Youth Services’, (2025).

61 Frontier Economics and UK Youth, ‘The Economic Value of Youth Work - Summary’, (2022).

62 E. Davidson, ‘The Power of Youth Work: A Longitudinal Biographical Study’, Youthlink Scotland, (2024).

## Power Delivery Locally – Youth Services and Devolved Opportunity Funds

Updating Section 507B of the Education Act 1996 to make NEET prevention a core duty is necessary because the current statutory framework has proved too weak to protect youth services from deep cuts or to anchor them in labour market outcomes. The duty, framed around “educational and recreational leisure-time activities” and general wellbeing, has remained in place while local authority youth services spending has fallen by 73% in real terms since 2010-11 and more than half of youth centres have closed, indicating that the “so far as reasonably practicable” qualifier offers no effective protection where there is no explicit duty to prevent NEET.<sup>63</sup>

At the same time, the Government’s National Youth Strategy and the Youth Guarantee create a new strategic role for youth work that Section 507B does not yet reflect. The Strategy commits over £400 million to Young Futures Hubs and Better Youth Spaces, and commits to a review of the statutory duty, implicitly acknowledging that the current framework is not working as it should. The National Youth Agency’s 2025 policy paper calls for youth work to be embedded in core policy and funding decisions as a vital lever for outcomes, arguing that youth services should be recognised as the primary outreach and engagement arm of any national Youth Guarantee, because youth workers are uniquely well-placed to identify, engage and support young people who are disengaged from school, at risk of exclusion, or already NEET.<sup>64</sup>

### 3.2 Fragmented, Short-Term Funding

While the Government’s additional investment and continued focus to tackle the stubborn youth unemployment and inactivity challenge represents a positive change, funding for youth NEET provision has largely been short term and fragmented, reflecting characteristics of the skills and careers system more broadly.<sup>65</sup> Local authorities, combined authorities, and voluntary sector organisations report spending significant proportions of their capacity managing multiple competing funding streams with different eligibility criteria, reporting requirements, and timescales. This fragmentation undermines the ability to provide the long-term, sustained support that the evidence collected by this inquiry shows is essential. Organisations such as Sheffield Futures and Catch22 demonstrate that sustained support is crucial for achieving lasting outcomes, but this model is incompatible with short-term funding cycles that typically last one to two years.<sup>66</sup>

63 National Youth Agency, ‘Delivering youth work in England’, (2022).

64 National Youth Agency, ‘Lifting young people up through youth work’, (2025).

65 Policy Connect, ‘Skills 2030: Building A World-Class Skills System’, (2024).

66 Sheffield Futures, written submission (case study) to the Skills Commission, (2026); Catch22, written submission (case study) to the Skills Commission, (2026).

## Power Delivery Locally – Youth Services and Devolved Opportunity Funds

A recurring finding of this inquiry is that funding fragmentation is inseparable from systemic fragmentation: employment support, skills provision, education pathways, youth hubs, and Jobcentre Plus services frequently operate in parallel rather than in concert, with young people required to navigate multiple, poorly connected systems at the point of greatest vulnerability. The evidence heard by this inquiry consistently identifies the integration of these functions within a shared local architecture, aligned around the young person rather than the funding stream. This is a precondition for effective NEET prevention. A consolidated, devolved Youth Opportunity Fund creates the conditions for this integration by providing a flexible, multi-year revenue base around which employment, skills, education and youth hub services can work together, rather than compete.

Youth Futures Foundation’s Connected Futures Partnership in Blackpool demonstrates the potential of sustained, place-based partnership working.<sup>67</sup> Connected Futures in Blackpool has been cited in national debates on social mobility as an example of a youth-centred, place-based model that combines long-term funding with strong local partnerships.<sup>68</sup>

### **Recommendation 8 – Devolve a Consolidated Multi-Year Youth Opportunity Fund**

As an extension to the Better Futures Fund, the Department for Culture, Media and Sport should devolve a consolidated multi-year ‘Youth Opportunity Fund’ to local authorities, ringfenced for NEET prevention but flexible in delivery.

- a. This fund should be overseen by statutory Youth Skills Boards where paid youth representatives, inclusive of young people from marginalised backgrounds and with experience of being NEET, hold at least 20% of voting rights to ensure provision meets actual local needs.

Evidence from the Learning and Work Institute shows that the most effective youth engagement programmes share three design features: flexibility in delivery, local responsiveness, and sustained duration, which the current patchwork of centrally prescribed, short-cycle funding streams cannot reliably provide.<sup>69</sup> Evaluation of the 16-17 Youth Contract found that the strongest predictor of positive outcomes was providers’ ability to address participants’ specific needs without detailed central prescription – an approach that delivered a 75% EET rate at 12 months among completers. Despite this, the model was not sustained once contracts ended. The report *Designing Better Futures* by the Employment Related Services Association, and the Skills Commission’s interim report for this inquiry both

67 Tipper, ‘£2.3 Million Boost to Tackle Youth Unemployment in Blackpool’, Youth Futures Foundation, (2024).

68 House of Lords, Social Mobility Policy Committee, ‘Social Mobility: Local Roots, Lasting Change’, (2026).

69 Learning and Work Institute, ‘Evidence Review: What Works to Support 15 to 24-Year Olds at Risk of Becoming NEET?’, (2020).

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document how fragmented commissioning, overlapping reporting regimes, and a proliferation of one- to two-year contracts divert substantial provider capacity into contract management rather than actual work with young people, generating short-lived activity rather than lasting system change.<sup>70</sup>

The Better Futures Fund (BFF) demonstrates how a consolidated, outcomes-focussed mechanism can support flexible, place-based youth services, but it leaves an important gap regarding NEET-specific revenue funding.<sup>71</sup> Launched in 2025 as a £500 million, ten-year programme, the BFF funds Social Outcomes Partnerships that commission holistic, locally tailored services for children and young people, including in relation to youth unemployment, with an outcomes-based payment structure that gives delivery teams significant discretion to innovate and iterate. However, the BFF is not explicitly configured as a named NEET prevention outcome, and it is organised around outcomes partnerships rather than a devolved revenue stream that local authorities can deploy flexibly for outreach and engagement. A consolidated Youth Opportunity Fund, devolved to local authorities and ringfenced for NEET prevention but flexible in delivery, would complement the BFF by providing recurring revenue funding for youth outreach, engagement and support. This would help ensure that capital programmes such as Better Youth Spaces and investment in Young Futures Hubs do not create physical infrastructure without sustainable frontline provision. This inquiry's proposal for statutory Youth Skills Boards with at least 20% of voting rights held by young people, including those with experience of being NEET, is supported by evidence that meaningful youth participation improves service quality and value for money. Department for Culture, Media and Sports (DCMS) guidance on youth voice reports that involving young people in service design gives policymakers a more accurate understanding of community needs and leads to more effective and efficient policies, while the Local Government Association's (LGA) *Valuing Young Voices* study found that youth involvement in decisions on Youth Opportunity and Youth Capital Funds improved service quality in most cases and generated financial savings for young people and councils.<sup>72</sup> Evidence from the Youth Futures Foundation finds that interventions which align with the experiences, needs and expectations of service users help build ownership and legitimacy – playing a key role in fostering the equity, transparency and inclusivity that are important drivers of systems change.<sup>73</sup>

This aligns with international evidence on meaningful inclusion, which finds that formal voting rights, rather than purely advisory roles, are the key distinction between substantive and

<sup>70</sup> Farnhill-Bain and Blackham, 'Designing Better Futures: Lessons from Forty Years of Youth Employment Interventions in England', Employment Related Services Association, (2025).

<sup>71</sup> Department for Culture, Media and Sport, 'Better Futures Fund', GOV.UK, (2026).

<sup>72</sup> Department for Culture, Media and Sport, 'Youth Voice in Policymaking', GOV.UK, (2026); Atkin et al., 'Valuing Young Voices, Strengthening Democracy: The Contribution Made by Youth Engagement', Local Government Group, National Youth Agency, (2010).

<sup>73</sup> Youth Futures Foundation, 'What works in systems change interventions?', (2024).

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tokenistic engagement.<sup>74</sup> A 20% voting threshold is consistent with both the co-production principle articulated in the National Youth Strategy and the National Youth Agency's call for young people to hold genuine decision-making power, while remaining below a level that would risk governance deadlock, thereby embedding youth influence within a balanced governance structure.

### 3.3 Local Skills Improvement Plans and Youth Guarantee Integration

Local Skills Improvement Plans (LSIPs) are designed to align skills provision with local labour market needs, and so should integrate with other relevant place-based initiatives.<sup>75</sup> As West Midlands Combined Authority have suggested in evidence to this inquiry, local government is best placed to design and deliver interconnected place-based initiatives through holistic analysis of local labour markets and population needs.<sup>76</sup>

The Youth Guarantee, as the design of trailblazer scheme suggests, aims to be routed in local places, and as such should be addressed in LSIPs. Indeed, the Tees Valley Youth Guarantee Trailblazer proposal demonstrates what an LSIP chapters on NEET prevention and the Youth Guarantee could achieve: it provides a clear mapping of existing NEET prevention services, identifies demographic and geographic variations within the combined authority area, and sets out how interventions will be proportioned and tailored across five local authorities with different NEET profiles.<sup>77</sup>

74 Orlando et al., 'What works in Systems Change Interventions: A Review of National and International Evidence', Youth Futures Foundation, (2024).

75 Department for Education, 'Guidance for developing a Local Skills Improvement Plan (LSIP)', (2025).

76 West Midlands Combined Authority, written submission to the Skills Commission, (2026).

77 Ibid.

## Power Delivery Locally – Youth Services and Devolved Opportunity Funds

### Recommendation 9: Mandate Youth Guarantee Implementation Chapters in Every Local Skills Improvement Plan

The Government should mandate that every Local Skills Improvement Plan include a statutory “Youth Guarantee Implementation Chapter” as a condition of approval.

- a. This chapter should detail how the area will prepare for and deliver the national Youth Guarantee rollout, granting local boards statutory discretion to tailor the mix of training, employment subsidies, and engagement activities (such as transport support or mobile hubs) to specific local labour market and demographic realities, while adhering to national minimum entitlement standards.

However, while the November 2025 statutory guidance for the 2026 to 2029 LSIP cycle acknowledges the role of LSIPs in “supporting people to enter work and progress in employment” and requires key stakeholders including Jobcentre Plus to be involved, NEET prevention and Youth Guarantee delivery are not currently named as statutory components of LSIP content.<sup>78</sup>

Without this statutory requirement, LSIPs risk addressing employer skills demand without connecting it to the supply-side barriers that keep the most disadvantaged young people from participating, and missing the opportunity for strategic join-up with local Youth Guarantee planning.<sup>79</sup>

The SMC also raises a significant systemic risk regarding the Growth and Skills Levy: absent meaningful devolution to local government, it risks encountering the same barriers of bureaucratic inflexibility and administrative complexity that led to £3.3 billion being returned unspent to the Treasury under the Apprenticeship Levy between 2019 and 2022, with employers citing these barriers as the primary reason apprenticeships that could otherwise have been created were not.<sup>80</sup> Mandating a Youth Guarantee Implementation Chapter in every LSIP and devolving the Growth and Skills Levy to local government alongside it, would join up planning and address the disconnect between local employer and learner needs.<sup>81</sup>

Granting local boards statutory discretion to tailor the mix of training, employment subsidies and engagement activities within national minimum entitlement standards is consistent with the Joseph Rowntree Foundation’s four-principle framework for unlocking the potential of young people furthest from the labour market, which argues for a blended approach

<sup>78</sup> Department for Education, ‘Guidance for developing a Local Skills Improvement Plan (LSIP)’, (2025).

<sup>79</sup> BusinessLDN, ‘The London Local Skills Improvement Plan: Progress Report’, (2025).

<sup>80</sup> Social Mobility Commission, written submission to the Skills Commission, (2026).

<sup>81</sup> Walker, ‘Get Britain Working Trailblazers: Youth Guarantee, Tees Valley Combined Authority Proposal’, (2025).

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combining adequate foundational support with highly tailored active labour market policy, delivered through organisations trusted by young people and their communities.<sup>82</sup> Their analysis confirms that a “one size fits all” national offer will systematically fail the most disadvantaged young people unless it is adapted to specific local conditions, including transport geography, sector composition, health need profiles and the availability of specialist voluntary sector provision. Requiring a Youth Guarantee Implementation Chapter as a condition of LSIP approval operationalises this commitment by ensuring that every LSIP area has a documented, accountable plan for how national entitlement standards will be delivered in a manner appropriate to its specific local labour market, demographic profile and NEET population.

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82 Casey and Elliott, ‘Unlocking Potential of Young People Furthest from the Labour Market’, Joseph Rowntree Foundation, (2025).

# Chapter 4: Building the Architecture for a Youth-Ready System – Data, Employers, and Long-Term System Reform

## 4.1 Data Fragmentation and the “Hidden NEET” Problem

A persistent challenge in the current system is the inability to identify and reach young people who are NEET but are not engaging with public services. Evidence from Spear (formerly Resurgo) indicates that the proportion of their programme participants who represent “hidden NEETs” (i.e. young people not claiming benefits, outside traditional job centre support systems) cohort has increased from approximately one in four to one in three. This population is invisible to the current data architecture, which relies on benefit claimant data and educational enrolment records rather than real-time data on participation status across agencies.<sup>83</sup>

The Data (Use and Access) Act 2025 provides policymakers with a new tool to address data gaps regarding ‘hidden’ young people who are NEET. Activate Learning’s Vulnerable Learner Tracker (VLT) demonstrates what is possible at the institutional level: a live risk-flagging system that identified 47% of their 16-19 cohort (4,728 students) and 30% of their 19-24 cohort (765 students) as presenting with measurable risk indicators, enabling proactive early intervention. The VLT operates on seven attribute risk scoring, covering attendance patterns, GCSE attainment, retention/wellbeing panel status, Education, Health and Care Plan (EHCP) and high needs, pupil premium, care leaver status, young carer/parent, mental health flags, and deprivation.<sup>84</sup>

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83 Spear, evidence (focus group) to the Skills Commission, (2025).

84 Active Learning, written evidence (case study) to the Skills Commission, (2026).

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### Recommendation 10: Introduce a Youth Data Duty and Improve Local Access to Education-to-Employment Data

The Department for Education (DfE), the Department for Work and Pensions (DWP), and Skills England should take a phased approach to improving local access to education-to-employment data, starting with pilots in Youth Guarantee trailblazer areas. In phase one, DfE, DWP, and Skills England should:

- a. Work with Mayoral Strategic Authorities to test secure, privacy-compliant access to de-identified Longitudinal Education Outcomes (LEO) data for strategic planning, rather than individual-level casework, with clear information governance protocols and technical support.
- b. Use the new powers in the Data (Use and Access) Act 2025 to introduce a Youth Data Duty on national government, requiring automatic sharing of real-time participation status (in education, training, employment, or NEET) with local authorities and Mayoral Strategic Authorities for all 18-24 year olds, to identify ‘hidden’ NEET young people, and so support Youth Guarantee outreach.
- c. Publish a short implementation plan setting out the legal and technical model from the pilots; a standard data-sharing template and governance framework for wider roll-out; and a timetable for extending the Youth Data Duty and LEO-based dashboard to all local areas

The Government’s December 2025 guidance on Risk of NEET Indicators (RONI) represents an important step forward, formalising a process by which local authorities use the National Client Caseload Information System to generate a “risk of NEET” list for Year 10 and Year 11 pupils, refined by school staff with direct knowledge of individual young people.<sup>85</sup> The DfE’s RONI tool, currently in its testing phase, draws on indicators such as SEND status, school attendance, exclusion, looked-after status, young carer status and youth justice involvement, each of which has substantial longitudinal evidence as a predictor of NEET outcomes. While some approaches weight these indicators, which is widely regarded as good practice, RONI implementation currently varies considerably across local authorities and weighted methodologies are far from universal. While RONI represents meaningful progress in early identification, the current framework places responsibility on local authorities without clarifying dedicated funding or staff training resources, and its effectiveness depends entirely on the quality and completeness of underlying data flows between schools, local authorities and national systems. A Youth Data Duty that mandates automatic real-time sharing of participation status across DfE, DWP and local authorities would provide the reliable, up-to-date data that RONI tools need to function effectively, particularly for the “hidden” NEET population aged 18-24 who are no longer in the school tracking system and are therefore invisible to current early identification mechanisms.

85 Department for Education, ‘Identify and Support Young People at Risk of Being NEET’, (2025).

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The LEO dataset represents one of the most powerful and underutilised analytical resources available for strategic NEET planning at the local level.<sup>86</sup> By linking National Pupil Database data on attainment, absence and exclusion with Further Education learner records and HMRC and DWP data on earnings, benefits and employment, LEO tracks the educational and labour market pathways of approximately 38 million individuals longitudinally, providing precisely the kind of place-based, cohort-level evidence that Mayoral Strategic Authorities and Combined Authorities require to understand which populations are most at risk, which provision is working, and where investment should be targeted. At present, LEO is accessible only to approved researchers via the Office for National Statistics Secure Research Service, limiting its utility for strategic local planning by non-research bodies, including local authorities and combined authorities.

Testing secure, privacy-compliant access for Mayoral Strategic Authorities in Youth Guarantee trailblazer areas, with clear information governance protocols developed under the Data (Use and Access) Act 2025, represents a proportionate and technically feasible first step. The Data (Use and Access) Act 2025 is specifically designed to streamline data sharing between public bodies to deliver better public services without adding to public finances and provides the legal architecture for introducing a Youth Data Duty that requires national government to share real-time participation data with local authorities and Mayoral Strategic Authorities for all 18-24-year-olds.

A published implementation plan setting out the legal and technical model from the pilots, a standard data-sharing template and a timetable for wider rollout is essential to prevent the two-tier local knowledge gap that currently undermines NEET reduction: areas with analytical capacity and good data flows are able to intervene early and proactively, while areas with weaker infrastructure and data literacy rely on reactive referrals that reach young people only after prolonged periods of disengagement. Research by the National Foundation For Educational Research on developing NEET indicators found that local authorities were at “very different stages” in understanding and developing RONI tools, with inconsistencies in data collection, indicator weighting and intervention response creating significant variation in outcomes, attributable to system design rather than underlying need.<sup>87</sup> A standardised governance framework and data-sharing template, developed through trailblazers and

<sup>86</sup> Department for Education, ‘Longitudinal Education Outcomes (LEO) Data’, Transparency Data, (2024).

<sup>87</sup> Filmer-Sankey and McCrone, ‘Developing indicators for early identification of young people at risk of temporary disconnection from learning’, NFER, (2012).

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validated against RONI evidence, would allow all local areas to benefit from the analytical infrastructure currently enjoyed only by the best-resourced authorities.

### 4.2 High Administrative Burden for Employers, Particularly SMEs

SMEs face significant administrative and compliance burdens when engaging with apprenticeships, work experience, and youth employment schemes, and consistently identify complexity rather than direct wage costs as the primary deterrent. In this context the creation of new schemes, such as Youth Jobs Grant and Apprenticeship Incentive, while welcome in providing financial incentives to employers, must be integrated into a unified system that reduces rather than adds to the administrative burden.

Evidence from the Skills Commission’s Business Board Network consultation confirms that the multiplicity of portals, schemes, eligibility criteria, and reporting requirements creates friction that dissuades engagement, particularly for small employers without dedicated HR functions.<sup>88</sup> Following the National Insurance contribution increases in the 2024 Autumn Budget, the Bank of England’s Chief Economist, Huw Pill, confirmed to a parliamentary committee that Government policy changes have made it tougher for young individuals to secure positions.<sup>89</sup>

Representative trade union bodies are critical partners in ensuring that the expansion of Youth Guarantee apprenticeships leads to high-quality, additional opportunities rather than the re-labelling of existing in-house training. Apprenticeship programmes with strong union involvement are more likely to offer fair pay, structured off-the-job training and progression routes, and are more likely to be accessible to disadvantaged young people, including those at risk of NEET.<sup>90</sup> Integrating union representatives into local brokerage arrangements and Skills England’s employer panels would help embed these quality standards and give young workers a collective voice in how Youth Guarantee pathways operate on the ground.

<sup>88</sup> Business Board Network, Skills Commission Consultation. See Annex.

<sup>89</sup> Tom Knowles, ‘Young bearing the brunt of UK tax and wage changes, says BoE Economist’, (2026).

<sup>90</sup> Arkwright and Klair, ‘An ambitious plan for young people’, Trade Union Congress, (2025).

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### Recommendation 11: Create a Single “Youth Opportunities for Employers” Service

The Department for Education, Skills England, the Department for Work and Pensions, and the Department for Business and Trade should establish a single, streamlined ‘Youth Opportunities for Employers’ service that reduces administrative and compliance burdens on SMEs participating in the Youth Guarantee, apprenticeships, and work experience offers. This service should:

- a. Provide one digital front door where employers can advertise apprenticeships, Youth Jobs Grant roles, work experience placements, and supported internships, instead of navigating multiple portals and schemes.
- b. Introduce standardised, proportionate paperwork and assurance for small employers, developed with SME representatives and sector bodies (for example, a single simplified agreement, shared insurance and safeguarding assurances, and templated training plans).
- c. Offer local brokerage and support for SMEs through Careers Hubs, Jobcentre Plus, Chambers of Commerce, and trusted intermediaries, covering vacancy design, recruitment, provider liaison, and HR processes, recognising that time and complexity are often greater barriers than direct wage costs.
- d. Rationalise and re-target employer incentives by replacing fragmented, tiered grant schemes with fewer, better-targeted incentives focussed on genuine additional opportunities for young people at risk of NEET, informed by evaluations of deadweight and fraud in previous grant programmes.
- e. Commit Skills England to co-design iterative process changes with employer panels and publish an annual employer experience dashboard drawing on regular SME surveys to track perceived red tape, ease of access, and satisfaction.

A single digital “Youth Opportunities for Employers” front door that covers apprenticeships, Youth Jobs Grant roles, work experience and supported internships, coupled with standardised, proportionate paperwork and shared safeguarding and insurance assurances, would address barriers and build on earlier government findings that the system is misunderstood and inaccessible from an SME perspective.<sup>91</sup>

Evidence collected as part of this inquiry also indicates that simplification must be matched by relational brokerage if SMEs are to create genuinely additional opportunities for young people at risk of NEET. Studies by the St Martin’s Group and the British Chambers of Commerce emphasise the value of funded intermediaries who can help small employers design vacancies, manage recruitment, liaise with providers and handle basic HR processes, and recommend that Careers Hubs, Chambers of Commerce, and similar bodies as suitable

91 Holt, ‘Making apprenticeships more accessible to small and medium-sized enterprises (SMEs)’, (2012).

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vehicles for this function.<sup>92</sup> Evaluations of wage subsidy and incentive schemes, including those reviewed in Youth Futures Foundation’s Youth Employment Toolkit, find that when targeted, combined with training, and delivered with good employer engagement wage subsidies are an effective intervention for tackling youth unemployment.<sup>93</sup> Rationalising fragmented, tiered grant schemes into fewer, better-targeted incentives – tied to verified additional opportunities and informed by these evaluations – is therefore necessary to ensure that public funds expand opportunity rather than subsidise business-as-usual hiring.

Committing Skills England to publish an annual employer experience dashboard, based on regular SME surveys, would create a feedback loop on perceived ‘red tape’, ease of access and satisfaction, and would allow the Government to track whether simplification commitments are being delivered in practice. In combination, a single digital front door, proportionate standardised documentation, local brokerage through trusted intermediaries, rationalised incentives, and an employer experience dashboard would move the system from one that relies on particularly motivated SMEs to navigate complexity, to one that is designed around the realities of small employers and capable of generating the additional high-quality opportunities that young people at risk of NEET need.

### 4.3 Public Procurement as a Critical Lever

Public procurement is an underused lever for NEET reduction and, because it primarily redirects existing local spend and supplier obligations and can be deployed with limited additional direct cost to central government. The Social Value Act 2012, together with the revised Procurement Policy Note 002 (PPN 002) issued in February 2025, which explicitly identifies young people who are NEET, care leavers and prison leavers as priority groups under Outcomes 6 and 7 of the Social Value Model, already provides a clear legal framework within which contracting authorities may require suppliers to generate employment and apprenticeship opportunities for young people facing labour market disadvantage as a condition of contract award.<sup>94</sup> PPN 002 requires in-scope central government contracting authorities to include social value criteria worth at least 10% of the total score in procurements and provides standardised reporting metrics on the number of apprenticeship opportunities created under contract for under-represented groups, including NEET young people. Complementary local authority social value guidance indicates that employment is

92 The St. Martin’s Group, ‘Overcoming Barriers to Opportunity: Stimulating Growth and Unlocking Supply in UK Apprenticeships’, (2024); British Chambers of Commerce, ‘Growth Through People Taking on the NEET Challenge: Creating Job Opportunities for Gen Z’, (2025).

93 Nancarrow et al., ‘The Impact of Wage Subsidies on the Employment of Disadvantaged and/or Marginalised Young People, Rapid evidence assessment technical report’, Youth Futures Foundation, Institute for Employment Studies, (2023).

94 Cabinet Office, ‘Procurement Policy Note 002: The Social Value Model (HTML)’, Guidance, GOV.UK, (2025).

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the highest-ranked social value priority for councils and housing associations, with youth employment ranked second, underscoring the political and institutional receptiveness to employment-focussed conditions in procurement. Within this context, the proposed “Local Jobs First” rule can be understood as a mechanism for operationalising the existing statutory and policy framework by instituting a Hiring Guarantee that renders apprenticeship commitments specific, quantified and contractually enforceable in major procurements, rather than leaving them as discretionary or aspirational elements within a weighted scoring rubric.

### **Recommendation 12: Introduce a Local Jobs First Rule for Public Procurement**

Local and combined authorities should introduce a ‘Local Jobs First’ Rule for all major council contracts (modelled on the successful County Durham Pound). This rule would:

- a. Require any company winning a contract over £1 million to sign a ‘Hiring Guarantee,’ committing them to create new, dedicated apprenticeships for local young people who are currently out of work.

The fiscal logic is compelling. The Essex County Council social value toolkit notes that spending on local suppliers through procurement has a fourfold impact on the local economy compared to equivalent spending through non-local supply chains, because wages paid to local workers circulate within the local economy rather than being extracted to remote shareholders or head offices.<sup>95</sup> For a council area with high youth NEET rates, this multiplier effect means that a procurement-linked hiring requirement creates economic value at two levels simultaneously: it creates an employment opportunity for a NEET young person, and it recirculates wages through the local economy, supporting further employment and reducing the fiscal cost of inactivity. The August 2015 Cabinet Office Procurement Policy Note on supporting apprenticeships through public procurement explicitly confirms the principle, recommending that contracts with a whole-life value of £10 million and above should be used to support skills development, and that contracting authorities can request evidence of additionality in apprenticeship and skills outcomes throughout contract delivery.<sup>96</sup>

### — The County Durham Model

County Durham Council’s County Durham Pound project provides the closest existing UK model for this recommendation, and its outcomes are well evidenced. The LGA case study on DurhamWorks, which is Durham’s cross-county youth employment programme for

95 Procurement Agency for Essex, ‘Public Services (Social Value) Act Toolkit (V7)’, Local Government Association, (n.d.).

96 Crown Commercial Service, ‘Procurement Policy Note – Supporting Apprenticeships and Skills Through Public Procurement’, Action Note, (2015).

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unemployed 16-24-year-olds, documents that to date the programme has supported 8,750 young people with 78% progressing into EET or gaining a qualification, with the Sessional Employment Programme specifically using council procurement relationships to provide work placements for care-experienced young people in areas including construction, quantity surveying and human resources.<sup>97</sup> The County Durham Pound's 2023-24 end-of-year review identified a partner-only Social Local Economic Value outturn of £340 million – an increase of £35 million on the previous year.<sup>98</sup> The County Durham Pound's Local Needs Analysis explicitly frames youth employment as a core social value outcome, targeting “improved employability of young people” and “more opportunities for disadvantaged people” as primary objectives linked to procurement decisions.<sup>99</sup> The LGA's Good Work case study on County Durham confirms that the practical mechanism, such as requiring suppliers to attend Meet the Buyer events, understand social value expectations, and demonstrate local employment commitments, is operationally deliverable by contracting authorities without imposing a disproportionate burden on local supply chains.

Earlier initiatives, such as Northamptonshire's 'Challenge 2016' (apprenticeships on contracts over £2 million), the London Anchor Institutions Network, and NHS Northwest London's Anchor Institutions Charter, all demonstrate that linking procurement and anchor institution spend to youth apprenticeships and work experience is operationally deliverable at scale.<sup>100</sup>

### — The Hiring Guarantee

The critical design feature distinguishing the Hiring Guarantee from standard social value clauses is the requirement for *genuine* additionality – that the apprenticeships created under the Hiring Guarantee are new, dedicated positions for young people who are currently out of work, rather than opportunities that would have been created regardless of the procurement condition.

The Localis report *Guarantee of Potential* supports the claim that upper-tier local authorities and Mayoral Strategic Authorities are well placed to coordinate this mechanism, given their existing duties for tracking NEET young people and their role as the principal commissioning authority for major local contracts in construction, infrastructure, environmental services, and professional services – the sectors where apprenticeship creation is most feasible and where

97 Durham County Council, 'Durham County Council: Sessional Employment Programme', Local Government Association, (2022).

98 McDonnell and Darby, 'Corporate Procurement End of Year Performance & Social Value Report', Durham County Council, (2024).

99 Durham County Council, 'County Durham Pound Project: Local Needs Analysis', (2022).

100 Procurement Agency for Essex, 'Public Services (Social Value) Act Toolkit (V7)', (n.d.); London Anchor Institutions' Network, 'Impact Report 2024/2025', (2025); NHS Northwest London, 'North West London Integrated Care System NHS Anchor Institutions Charter', Charter, North West London Integrated Care System, (2023).

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the long-term skills pipeline most needs young local entrants.<sup>101</sup> Setting the contract threshold at £1 million rather than the £10 million recommended in PPN 2015 substantially widens the pool of contracts in scope to include the mid-tier local contracts that constitute the majority of council spend in areas with high NEET rates, including those in deprived coastal, rural and post-industrial areas where anchor institution employers and major national contractors may be less present.

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101 McLinden, 'Guarantee of Potential: A Place-Based Employment Support Within a New Local Policy Ecosystem', Localis, (2025).

# Conclusion: The Economic and Social Imperative

The United Kingdom has reached an inflexion point in its relationship with youth opportunity. The statistics capture only part of the picture. Across this report, we draw on the various testimonies of young people who, in many cases, have been let down by a system that was not designed for them: a school accountability framework that often marginalises vocational learning; a qualification system that still has too few on-routes for those at lower levels of attainment; a financial support system not adequate to the modern cost of living; and a funding landscape that does not match the need for joined-up long-term interventions.

The prize of success in this agenda monumental: matching the lowest NEET rate in the OECD (the Netherlands) would mean 567,000 more young people engaged in the labour market, boosting the economy by £86 billion and transforming their lives and the lives of their families and communities.<sup>102</sup>

The Skills Commission enthusiastically welcomes the rollout of the Youth Guarantee. This policy represents one of the Government's most significant new investments, giving young people's outcomes a central place in its Plan for Change. The success of this investment will depend on the development, around the Guarantee, of an education, skills, employment and youth services system that centres young people and truly coheres around the NEET challenge: a system in which vocational and technical education carries genuine labour market value; in which employers are active partners in the design and delivery of skills pathways from school age; and in which financial participation incentives are aligned with skills development rather than passive income support. The UK has the policy architecture to build such a system. What is now required is the will to align these instruments behind a single, cohesive thesis: that NEET reduction and skills participation constitute a single agenda.

The recommendations in this report are grounded in our wide evidence base, are operationally deliverable within existing institutional structures, and command broad cross-sector support. The question before Ministers is whether the current political moment will be seized to make the system changes young people need.

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<sup>102</sup> Youth NEET Rates (15-24 years old), Adapted from International Labour Organisation (Germany, The Netherlands, Denmark), OECD (Average), Youth Futures Foundation.

# Annex A – Call for Evidence Respondents and Contributors

We received 75 original submissions to our open-ended questionnaire, which was open throughout May-September 2025. We sincerely thank the following organisations and colleagues who submitted written evidence. Those who are not listed below have not given permission to be cited.

ACCA Global	IMI (Institute of Motor Industries)
Activate Learning	Jisc
APPG for Young Carers and Young Adult Carers	Learning and Work Institute
Association of Colleges	Leeds Beckett University
AutoRaise	Leicester and Leicestershire Business and Skills Partnership
Bath & North-East Somerset Council	Manchester City Council
Bournemouth University	Miss Macaroon CIC
British Chambers of Commerce	MyPocketSkill
Bury Council	National Youth Agency
Business Board Network	NCFE
Buttercups Nursery	Newcastle University
C + K Careers	NOCN Group
CAPE Tuition and Mentors	NoLimits
Careers and Enterprise Company	Nuffield Foundation
Careers Connect	Pearson Plc
Careers Development Institute	Pilot 2 Work CIC
Carers Trust	Resurgo
Catch 22	Rochdale Borough Council
CatZero	Royal Institution of Chartered Surveyors
Chartered Management Institute	Salford City Council
CIMSPA (Chartered Institute for the Management of Sport and Physical Activity)	Sheffield Futures
City St. George's	Skills Builder Partnership
Coach Core Foundation	Social Mobility Commission
Commercial Education Trust	Stockport Council

Confederation of British Industries	ThinkForward
Drive Forward Foundation	Trade Union Congress
EDSK (Tom Richmond)	UCL Institute of Education (Dr. Rachel Wilde)
EngineeringUK	University of Bath
Enginuity UK	West Midlands Combined Authority
Gateway Qualifications	West Yorkshire Combined Authority
Greater Manchester Learning Provider Network	Yorkshire Learning Providers
Groundwork UK	Youth Employment UK
Hull City Council	Youth Futures Foundation

Thank you to colleagues at Social Finance for their insights and feedback.

# Annex B – Consultation Events

## Focus Group 1: ThinkForward (29 May, 2025)

- ❖ Pre-16 Focus Group Session (Morning and Afternoon) (N=15)

## Focus Group 2: Youth Futures Foundation, Future Voices Group (3 June 2025)

- ❖ Post-16 Focus Group Session (N=10)

## Evidence Session 1: (2 September, 2025)

- ❖ Barry Fletcher, Youth Futures Foundation
- ❖ Elizabeth Gerard, Learning and Work Institute
- ❖ Adrian Tallon, CatZero
- ❖ Natalie Webb, NoLimits

## Business Board Network / Policy Connect Online Session (18 September, 2025)

Skills and Business Hub	Buckinghamshire Business First	East Midlands Combined County Authority (EMCCA)	Greater Lincolnshire Combined County Authority
Liverpool City Region Combined Authority	Tees Valley Combined Authority	Worcestershire County Council	East Riding of Yorkshire Council
Buckinghamshire Skills Hub	Greater Manchester Combined Authority	Leicester and Leicestershire Business and Skills Partnership	Enterprise Oxfordshire
Norfolk County Council	Swindon Borough Council		

### **Evidence Session 2: (28 October 2025)**

- ❖ Rosie Ginday MBE, Miss Macaroon CIC
- ❖ Dr. Alison Douthwaite and Dr. Ceri Brown, University of Bath
- ❖ Dr. Peter Wilson, Youth Futures Foundation
- ❖ Eddie Playfair, Association of Colleges

### **Evidence Session 3: (10 November 2025)**

- ❖ Open Roundtable Discussion Format on Place-Based Approaches to Youth NEET Reduction with West Midlands Combined Authority
- ❖ Discussion co-chaired by Helene Dearn OBE (West Midlands Combined Authority) and Alfie Allison, Lincolnshire Young Voices Chair

### **Focus Group 3: Resurgo (18 November 2025)**

- ❖ Chernise Neo (Head of Impact and Strategic Projects)
- ❖ Lydia Caveney (Employers Partnership Manager)
- ❖ Tim Lovell (Senior Partnership Manager)
- ❖ Pete Bacon (Deputy CEO and Director of Impact and Partnerships)

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### **Commissioners**

The collective expertise and support of the Commissioners is greatly appreciated, especially for feedback and continuous suggestions throughout the inquiry.

- ❖ Lauren Edwards MP (Labour, Rochester and Strood), Co-chair of the APPG for Skills, Careers and Employment
- ❖ Lord Kevin Shinkwin (Conservative Peer)
- ❖ Josh Babarinde MP (Liberal-Democrat, Eastbourne)
- ❖ Barry Fletcher (Chief Executive Officer) – Youth Futures Foundation
- ❖ Graham Hasting-Evans (Chief Executive Officer) – NOCN Group
- ❖ Professor Geraldene Codina (Professor of Inclusion and Special Educational Needs and Disability (ISEND) – University of Derby
- ❖ Hayley Pells (Government Affairs Lead) – Institute of the Motor Industry
- ❖ Robin Ghurbhurun (UK Managing Director, Further Education and Skills, Nations, Advice and Training) – Jisc
- ❖ Helene Dearn OBE (Director of Employment, Skills, Health and Communities) – West Midlands Combined Authority
- ❖ Robert West (Head of Education and Skills) – Confederation of British Industries
- ❖ Anna Dawe (Principal / CEO) – Wigan and Leigh College
- ❖ Anjum Klair (Policy Lead - Labour Market and Social Security) – Trade Union Congress
- ❖ Jeremy Crook OBE (Chief Executive) – Action for Race Equality

## Policy Connect

Policy Connect is a cross-party think tank. We specialise in supporting parliamentary groups, forums and commissions, delivering impactful policy research and event programmes and bringing together parliamentarians and Government in collaboration with academia, business and civil society to help shape public policy in Westminster and Whitehall, so as to improve people's lives.

Our work focusses on five key policy areas which are: Education & Skills; Industry, Technology & Innovation; Sustainability; Health; and Accessibility.

We are a social enterprise and are funded by a combination of regular annual membership subscriptions and time-limited sponsorships. We are proud to be a Disability Confident and London Living Wage employer, and a member of Social Enterprise UK.

## Our Supporters

### Youth Futures Foundation

Youth Futures Foundation is the national What Works Centre for youth employment, with a specific focus on marginalised young people. It aims to create a society where every young person can achieve good work, by finding out What Works and driving change in policy and practice.

### NOCN Group

NOCN Group is an international charity which delivers future-fit skills solutions with social impact for Colleges, training providers, employers and individuals.

NOCN Group is one of the largest Awarding Organisations in the construction sector globally and owns the Construction Plant Competence Scheme (CPCS). With a subsidiary in India named NOCN India Skills Foundation, we also operate in Africa, ASEAN, Europe, the Gulf, South Asia and other international territories.

### University of Derby

The University of Derby is a public university located in the heart of England, known for its industry-connected, research-informed courses and teaching excellence. It is the only university in Derby and Derbyshire, and it was awarded Gold Status in the 2023 Teaching Excellence Framework (TEF). The university focuses on providing practical and relevant education, strong career support, and is engaged in research areas such as low-carbon technologies and the causes of Alzheimer's disease.

### Institute of the Motor Industry

The Institute of the Motor Industry (IMI) was founded in 1920 when society – as now – was experiencing rapid technology-driven change. The IMI was created to establish new skills and knowledge benchmarks for the emerging automotive industry.

### Jisc

Jisc is the UK's national information and technology services provider for higher education, further education, and research.

It was established in 1993 to provide national vision and leadership for the higher education sector's information and networking services. Jisc is a not-for-profit membership organization that delivers vital digital infrastructure and services, including the [Janet Network](#), and saves the sectors over £500 million annually.

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# Glossary

Across the report, a number of phrases, acronyms and abbreviations are used.

<b>Young People</b>	For the purposes of this report, young people are defined as those aged 16–24. We note that, for different data sets referenced in the report, the age range may vary.
<b>Skills England</b>	Skills England is an executive agency of the Department for Work and Pensions, first proposed in the 2024 Labour Party Manifesto. It was formed in 2025.
<b>BFF</b>	Better Futures Fund, which is a DCMS issued £500 million fund for Social Outcomes Partnerships that aim to “tackle the structural and root causes of poverty for children, young people and their families” (DCMS, 2026)
<b>DBT</b>	Department for Business and Trade
<b>DCMS</b>	Department for Culture, Media and Sport
<b>DfE</b>	Department for Education
<b>DWP</b>	Department for Work and Pensions
<b>EBacc</b>	English Baccalaureate
<b>EMA</b>	Education Maintenance Allowance
<b>HMRC</b>	His Majesty’s Revenue and Customs
<b>LSIPs</b>	Local Skills Improvement Plan
<b>SEND</b>	Special Education Needs and Disability
<b>SME</b>	Small and Medium-sized Enterprises
<b>UC</b>	Universal Credit
<b>SMC</b>	The Social Mobility Commission, is an independent advisory non-departmental public body in the UK, sponsored by the Cabinet Office.

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