Slide 1: The Milburn Review final report: key recommendations and our initial takeaways
Alan Milburn has published his final report, From a Welfare State to a Working State: A new settlement for the next generation. Here's the report's key recommendations and our initial takeaways.

Slide 2: Employers and the labour market
The report proposes a "give and get" bargain. Government would make hiring young people easier, cheaper and less risky. In return, employers would create more first chances, supported by First Chance, an employer-led movement.

Incentives include £3,000 for hiring a young person who has been NEET for six months. There would also be £2,000 premiums where the young person faces greater barriers and for businesses with fewer than 50 staff. The report rejects an across-the-board National Insurance cut. Instead, when fiscal conditions allow, it proposes doubling the employer NI threshold from £5,000 to £10,000 for 21 to 24 year-olds starting in retail and hospitality.

Employers we speak to, especially SMEs, describe youth hiring as an increasing financial risk, so targeted support could be welcome. It will need to be matched by help for young people to access and sustain work that is stable and pays adequately.

Slide 3: Schools and prevention
The report sets prevention targets for 2036:

- 90 per cent of children school-ready at age five (the current target is 75 per cent)
- 90 per cent reaching the expected standard in literacy and numeracy at the end of primary school

Risk of NEET Indicator (RONI) tools would become mandatory in primary and secondary schools. Other measures include:

- a statutory key stage 3 writing, numeracy and oracy check
- a move towards a single 14 to 19 framework
- a statutory duty on schools to provide work experience
- a Ready-for-Work Standard inspected by Ofsted, alongside a new school destination measure

Many of these echo the Skills Commission's Earning or Learning report. It called for a stronger focus on early intervention, and for school accountability to give greater weight to vocational routes and young people's transitions beyond school.

Slide 4: Apprenticeships

The report names apprenticeships as “the largest education and skills priority”. By 2036 it aims for 270,000 under-25 starts a year, and for 35 per cent of each cohort to start an apprenticeship by age 25.

The main vehicle is reform of the Growth and Skills Levy. The Treasury topslice would be abolished, and under-25s would receive 100 per cent Levy funding, with less government funding for those over 25.

This is welcome, but it must come with proper mapping of employer capacity. A limited pool of businesses faces growing demand for placements, from T Levels to supported internships and school work experience. The pressure is greater in rural and coastal areas, where there are fewer employers. Reducing funding for over-25s also carries risks for older workers who need to retrain. Our upcoming apprenticeships inquiry will explore these issues.

Slide 5: Further and higher education
The report would expand further education by an extra 150,000 18 to 24 year-olds a year. Colleges would receive a participation and work-readiness premium, and funding would move towards rewarding outcomes.

For higher education, it calls for:

- prominent earnings data
- more level 4 and 5 provision
- easier progression from FE to HE
- satellite campuses and civic models in places with low participation
- an “Open University for skills”

The extra investment in FE and the recognition of universities’ civic role are welcome. However, both depend on a financially stable sector. FE and HE are under strain from cumulative policy changes and staff shortages, and many universities face significant deficits and redundancies. This can make partnerships harder to sustain. The Higher Education Commission’s upcoming inquiry into universities and their regional partnerships will explore this.

Slide 6: Health
The report proposes that the NHS move from a “diagnose-wait-treat” model to a “predict-prevent-participate” model. Support would depend on need rather than diagnosis, and participation would be treated as a health outcome. Reducing NEET rates would become a formal objective for every Integrated Care Board, with a legal duty to work with mayoral strategic authorities.

Proposals include:

- a universal digital mental health front door
- fast-track access to Talking Therapies

- vocational rehabilitation and IPS-Y
- Early Support Hubs in every upper-tier local authority

The report draws on the Fonagy Review's finding that ADHD and autism prevalence is "largely flat" and that diagnosis has risen. Others attribute the rise to better recognition of previously unmet need. These proposals depend on access to services and a strong workforce pipeline. Our First Point of Care and Trained for Tomorrow reports set out how to achieve both.

Slide 7: Welfare reform for under-25s
The report is guided by the principle of "work for those who can, security for those who cannot". It proposes a separate benefits system for under-25s.

A statutory Opportunity Guarantee and Support Guarantee would cover all NEET 18 to 24 year-olds. The backstop of a paid six-month job would start after 12 months NEET rather than 18. A single Youth Allowance would be paid at the under-25 Universal Credit rate, and the UC health top-up and the Work Capability Assessment would be abolished for this group. PIP would be replaced by an Additional Cost Allowance. A new "duty to engage" would also apply, although the report says sanctions "should be rare".

Earning or Learning showed how welfare can leave young people worse off for taking part in training. However, any changes must come with more opportunities, work that pays adequately, and wraparound support such as transport, housing stability and childcare.

Slide 8: A new participation system
The report proposes a Youth Opportunity Service (YOS) in every part of England by 2029, acting as one front door for young people and employers. Mayors would commission it, building on existing services such as Jobcentre Plus youth support, Careers Hubs and Youth Hubs. Young people would get a named adviser within 14 days and a Participation Plan within four weeks. Strategic authorities would take responsibility for 16 to 24 year-olds, ending the current cut-off at 18.

We welcome these recommendations, which closely mirror Earning or Learning's calls for stronger local delivery and better data. Young people and employers have told the APPG for Skills, Careers and Employment how hard it is to navigate a crowded landscape, and how support too often falls away at 18. Success will depend on strategic authorities getting the funding and capacity to match their new responsibilities.

Slide 9: What happens next
The timeline runs from the first 100 days to a fully statutory system in the early 2030s: 2027: building the YOS, launching First Chance and legislation, 2028:

education reforms and 2029: the new benefits system. The report's own modelling projects a NEET rate of around 6.8 per cent by 2036. Closing the gap to 5 per cent depends on higher economic growth and momentum in the youth labour market.

It remains to be seen which recommendations the government will take forward, and to what extent. Next Monday we will host a first reactions roundtable with the APPG for Skills, Careers and Employment. The Review will also feature in our apprenticeships inquiry and the Higher Education Commission's regional partnerships inquiry.