



Department
for Work &
Pensions

THE RT HON PAT MCFADDEN MP

Secretary of State for Work &
Pensions

Caxton House
6-12 Tothill Street
London, SW1H 9NA

2 September 2026

Dr Stephen Brien
Chair of the Social Security Advisory Committee
7th Floor Caxton House
Tothill Street
London
SW1H 9NA

Dear Stephen,

Social Security Advisory Committee's Report: The influence of the social security system on educational and vocational decision-making at age 16

Thank you for the Committee's report on how the social security system influences the educational and vocational choices made by young people at age 16. We welcome the Committee's focus and for their discussion on such points.

The Government is focussed on tackling youth economic inactivity. The rise in recent years in the number of young people who are not in education, employment or training (NEET) is deeply troubling and remains an urgent priority for the Government to address. We are taking decisive action to help young people to engage with work, build their skills and progress their careers, with significant investment in the Youth Guarantee and Growth and Skills Levy. This will expand the support in Jobcentres, increase the number of Youth Hubs across Great Britain and encourage employers to take on new talent, and increase skills and training opportunities. High-quality apprenticeships also provide a route for young people to develop their skills and secure meaningful, long-term employment.

As part of its wider reforms, the Department is overhauling Jobcentres to provide better and more joined up welfare, skills and employment support, helping young people move into education, training and work. These changes sit alongside wider government's targeted fiscal measures to support businesses to hire young people. This includes complete employer National Insurance Contribution exemptions for workers aged under 21 and apprentices under 25, directly lowering the hiring barrier for businesses.

Complementing our immediate action, last year I commissioned Alan Milburn to lead and author an Independent Report into Young People and Work so that our future work to tackle these issues will be grounded in evidence, shaped by the voices of

young people and informed by those who work with them every day. In May, Alan Milburn published his interim report which set out the crisis of participation. We look forward to his full recommendations in the Autumn as we shape the next phase of reform.

We are grateful for the Committee's detailed considerations of how the social security system can shape the choices young people make, and have carefully reflected on the very real experiences of people navigating through education, training and work that you have shared. In response, we are taking action to address the gap in financial support that the Committee's report highlighted. We will be introducing a bursary, worth up to £4,500 per year, for eligible households on UC where the overall household income is worse off as a result of the young person taking up an apprenticeship. This will reduce the disincentives in the system and help to mitigate the financial loss that some families may face.

The attached Annex provides our responses to the Committee's recommendations. We share the Committee's ambition to improve outcomes for young people while ensuring that the welfare system supports those who need it most. We will continue to keep our approach under review alongside emerging evidence and wider recommendations.



Best wishes,

The Rt Hon Pat McFadden MP
Secretary of State for Work and Pensions