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PLMR Insights: The Milburn Review

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Overview

Alan Milburn's report, *From a Welfare State to a Working State*, runs to nearly 300 pages and proposes a ten-year programme to cut the share of 16- to 24-year-olds not in education, employment or training (NEET) from 13 per cent to 5 per cent. If implemented, it would mark a significant shift in how young people are supported into work. There is near universal agreement on the problem and a shared wish to see it solved, so the main questions are about how rather than intent.

It is a report to Government, not Government policy. The initial response indicates that the Government accepts the guarantees and the mayoral delivery system, but has not yet adopted the welfare changes or committed new money. The package has two halves that depend on each other. One is a separate, less generous welfare system for under-25s. The other is a set of guarantees, hiring incentives and education reforms that would put colleges, apprenticeship providers, schools and mayors at the centre of delivery. Whether the ambition is met will depend largely on the 2027 Spending Review.

- **High ambition, but headlines risk being more optimistic than the modelling.** The NEET ambition is 5 per cent, while the review's own modelling, according to FE News, reaches around 6.8 per cent by 2036. The Higher Education Policy Institute (HEPI) also points out that the target of 270,000 under-25 apprenticeship starts a year returns to where the system was in 2015.
- **Report diagnoses rising employment costs.** Milburn accepts that the employer National Insurance rise and steep youth minimum wage increases have hurt hiring. His remedy is narrow, phased and conditional. Opposition parties are already focusing on this gap.
- **New duties and guarantees, but money to be confirmed in the Spending Review.** Schools face a new Ofsted-scrutinised measure and a statutory work experience duty. Providers with large adult apprenticeship cohorts face a 25 per cent funding cut.

What is Milburn and why has it happened

The review was commissioned in November 2025 by Pat McFadden, the Work and Pensions Secretary, under Keir Starmer. Alan Milburn, a former health secretary under Tony Blair, was asked to explain why youth inactivity has risen and what to do about it. He was advised by a panel that included Andy Haldane, Tracy Brabin, Gavin Kelly, Charlie Mayfield and Ruth Owen.

The interim report in May 2026 set out the diagnosis. Nearly one million young people, or one in eight, were NEET. Six in ten of them had never had a job, and around six in ten were economically inactive, not unemployed. The share out of work because of a health condition had risen by around 70 per cent in a decade. Milburn warned that, without action, the figure would reach around 1.25 million within five years.

The picture has not improved since. The ONS counted 981,000 NEETs in the second quarter of 2026. Today's labour market figures show headline unemployment falling to 4.6 per cent, but the ONS itself cautions that part of the fall reflects changes to the survey sample. Underneath, vacancies are at 690,000, the lowest since 2014 outside the pandemic, and payrolled employment is 95,000 lower than a year ago. Youth unemployment stands at 15.1 per cent. Spending on health and disability benefits for young people has risen from £1.7bn in 2019-20 to £4.7bn, and was forecast to reach £8.8bn by 2036-37.

The politics have also changed. The review was commissioned by one Prime Minister and has reported to another. Starmer's 2025 welfare rebellion is the cautionary recent history that hangs over the welfare chapter, and the new Prime Minister, Andy Burnham, has already indicated reform means spending differently, not spending more.

The recommendations and what they mean

Welfare

Under-25s would move to a separate system. A "Youth Allowance" would replace universal credit at the existing youth rate of £338.58 a month, with more for those living away from parents. They would lose access to the universal credit health element (up to £429.80 a month) and to PIP (up to £194.60 a week). A more tightly drawn "Additional Cost Allowance" would replace PIP, with a separate benefit for those with severe and complex needs who will never work. A "duty to engage" would allow the allowance to be withdrawn from those who refuse offers. Changes would apply to new claimants, and to existing claimants as they are reassessed from 2029.

What it means: this is the part that will dominate the politics, and Milburn accepts some young people will be worse off at first. The Resolution Foundation's assessment is that it does comparatively little to reduce NEET numbers. Even after reform, sickness benefit spending on young people still rises, from £4.7bn to £5.2bn. The saving is slower growth against the forecast.

Youth support and the new delivery system

Every NEET 18- to 24-year-old would get an "Opportunity Guarantee" of a subsidised job, college place, apprenticeship, work placement, structured volunteering or help to start a business, alongside a "Support Guarantee" covering health and practical help. A paid job would be guaranteed after 12 months NEET, down from 18. A mayor-led Youth Opportunity Service would operate across England by 2029, funded through multi-year Participation Agreements with strategic authorities. Mayors would keep a share of any savings, and the service would absorb some Careers and Enterprise Company hub functions. The ratio of benefit spending to support spending would move from £25 to £1 towards £2 to £1.

What it means: if the guarantees become law, someone has to supply the places, and that creates a large commissioning market run by mayors. The unanswered questions are what happens in areas without a mayor (most of the country, currently), and what a guarantee means where local employers are not hiring.

Business

The threshold at which employers pay National Insurance on 21- to 24-year-olds would rise from £5,000 to £10,000, phased over five years, starting in retail and hospitality, and only when fiscal conditions allow.

Employers hiring someone who has been NEET for six months would receive £3,000, with £2,000 more for small firms and for hiring disabled young people or care leavers. In return for a ministerial promise not to raise the cost of hiring young people further, employers would be asked to offer more first chances, with a suggested 10 per cent of entry-level hires coming from NEET backgrounds.

What it means: useful money for small employers, but the tax change comes with three caveats. It is phased in over five years, it applies at first only to retail and hospitality and it goes ahead only when the public finances allow.

Education

- **Early years and parenting.** School readiness at age five would reach 90 per cent by 2036, against a current target of 75 per cent. Ninety per cent should reach the expected standard in literacy and numeracy at the end of primary school by the same year. The Early Years Pupil Premium could be boosted to match the primary school rate, which currently sits at just under £900 more.

  The report highlights parents as the "most important influence" on a child's development and notes that public policy should make good parenting easier. Best Start Family Hubs should see expansion particularly in areas of high disadvantage and isolation. Parenting support should continue into secondary, and schools should provide parents with personalised and regular communication about their child's attendance and learning. Parents should be brought into careers and progression discussions from age 14.

- **Schools.** From 2028, there would be a national "ready-for-work" standard and a school-level rate, scrutinised by Ofsted with equal weight to headline measures, plus a separate destinations measure. Tes notes the report does not say how individual pupils would be assessed against the new standard.

  Work experience would become a statutory duty. Exposure to work would start in primary school, to broaden horizons and challenge occupational stereotypes. Key stage 3 would bring employer projects, workplace visits, talks, enterprise activity, and FE and apprenticeship tasters. Key stage 3 would also gain statutory checks in writing, maths and oracy.

  At key stage 4, every young person who is able would get a workplace placement. Placements should be spread throughout the academic year, not loaded onto the end. "Risk-of-NEET" indicators would become mandatory, with a named adult for each at-risk pupil.

  Ten per cent of schools' timetable should sit outside the national curriculum to build on student strengths and interests. Longer term, there would be fewer exams and a single 14 to 19 academic and vocational framework. Trusts should pool specialist teachers, facilities and employer links, so young people can get a wider technical offer across a group of schools.

- **Colleges.** Colleges would become England's "principal technical and transition institution". The 16 to 19 budgets would rise automatically with participation, the in-year growth guarantee introduced for 2026-27 would become permanent and learners who enrol after the November reference date would be funded, so no young person is told to wait until September.

  There would be 150,000 more 18- to 24-year-olds in FE each year. A conditional premium for 16- and 17-year-olds who were NEET or at risk would pay for outreach, mentoring and employer links. New work-readiness and outcome measures would be adjusted for disadvantage, care experience and SEND, with funding gradually shifting towards destinations.

  Provision would move towards pre-apprenticeships, apprenticeships, technical routes and Level 4 and 5, with less GCSE and A level teaching. Colleges would lead pre-apprenticeships for 16- to 18-year-olds. Longer term, there would be new industry-led technical colleges, a digital Open College, local UCAS-style admissions and a route from industry into FE teaching.

- **Apprenticeships.** Milburn calls apprenticeships the report's largest education and skills priority, aiming to double the number of young people completing one within ten years. Under-25 starts would rise from around 172,000 in 2024-25 to around 270,000 by 2036-37, and achievement rates from around 65 per cent to 80 per cent. Around 35 per cent of each cohort would start an apprenticeship by 25.

  The Treasury top-slice of levy funding, around £460mn in 2026-27, would end, so all levy receipts would go to apprenticeships. Under-25s would be fully funded from the levy for employers of every size. Employer levy balances and transfers would be replaced with direct funding.

Employers would pay 25 per cent of training costs for apprentices aged 25 and over, and the Government's share could fall to 50 per cent by 2031-32. The employer hiring payment for 16- to 24-year-olds would rise from £2,000 to £2,500 and extend to levy payers, and providers would receive a new £2,000 for each young apprentice.

Level 2 English and maths would no longer be an exit requirement for 16- to 18-year-old apprentices, though they would still study them. An initial 10 per cent of the apprenticeship budget would pass to mayors and strategic authorities. A new college-led pre-apprenticeship programme would start with 25,000 places, built on Level 1 provision and the new Level 2 Occupational Certificates. It would be judged on progression into an apprenticeship, skilled work or further study, not on completion alone.

The Government's Find an Apprenticeship website would become the national vacancy backbone, with each strategic authority running a UCAS-style local access point showing the education, training and apprenticeship options in its area.

- **Universities.** Higher education is less directly in scope, but several proposals matter. There would be more focus on graduate employment, with earnings data by course and institution published prominently so students can compare returns. Government would work with universities and colleges to grow Level 4 and 5 provision, with annual "step-off" awards and portable credit making it easier to move from college to university.

  Strategic priority funding would be steered towards the Industrial Strategy, public service needs and regional priorities, including satellite campuses, FE-HE partnerships and civic models in towns where participation is low. Higher technical and university study are both on the Opportunity Guarantee menu.

- **Health.** Mental health support would be delivered "digital first" through the NHS App, with low-level help available without a diagnosis.

What it means: colleges gain the most on paper. Schools gain obligations. Universities are asked to do more with the same or less, and adult apprenticeship provision pays for the youth expansion.

Costings

Item	2036-37
New spending on support, training, tax measures, education and health	£5.8bn a year
Welfare savings against current projections	£3.6bn
Higher tax revenue	£2.4bn
Net position	**Around £200mn a year saving**
Initial down payment, 2027-28	£500mn, from savings elsewhere

What it means: the sums balance in a decade, on the review's own assumptions. In the meantime, the spending is certain and the savings are a forecast. A potential risk is a Treasury that takes the welfare savings and trims the investment.

Areas that will need a clearer steer

Employer National Insurance. Milburn acknowledges the effect on hiring. The report records that in April 2025 the employer rate rose from 13.8 to 15 per cent and the threshold fell from £9,100 to £5,000, and he has said publicly that the Government needs to course correct.

His remedy is narrower than his diagnosis. It covers 21- to 24-year-olds only, begins in two sectors, takes five years and depends on the public finances. The 2025 rate rise stays. A full exemption for under-25s was rejected as poorly targeted and unaffordable. The Resolution Foundation puts the cost at £5.1bn.

The minimum wage. The report says wage costs for 18- to 20-year-olds on the minimum wage have risen by 65 per cent in five years. It stops short of calling for Labour's manifesto pledge to equalise the youth and adult rates to be dropped. The Treasury has already paused equalisation for next year, and Milburn's preference, after negotiation with the Treasury, is to leave the pledge parked. Analysis published this month using Low Pay Commission, HMRC, Pensions Regulator and ONS data shows why this matters. The real annual cost of a typical full-time young hire at the legal minimum wage has risen by roughly £9,000 since 2011-12. The minimum wage accounts for most of that.

Employer National Insurance is a distant second. Milburn's main business measure therefore addresses the smaller driver, for part of the age range.

The Employment Rights Act 2025. Chapter 3 acknowledges that new employment rights affect decisions to recruit inexperienced workers. Pre-publication briefing suggested Milburn would call for parts of the Act to be paused. However, a firm recommendation to that effect is not in the final text.

The modelling. The stated ambition of 5 per cent is not delivered within the review's own figures. FE News puts the modelled outcome at around 6.8 per cent by 2036. The apprenticeship target restores 2015 volumes. The headline of 600,000 more young people earning or learning includes around 440,000 in sustained work, a decade from now.

The levy. The apprenticeship expansion rests on a request the Treasury has refused for years: to stop retaining the gap between levy receipts and the apprenticeship budget. Milburn puts that gap at around £460mn a year. FE Week reports unofficial estimates nearer £800mn. He acknowledges this is a significant fiscal choice and says ministers should be honest that the levy is a payroll tax. If the Treasury declines, the youth expansion has to be funded almost entirely by charging employers more for older apprentices. The proposed pre-apprenticeship programme also draws scepticism. FE Week notes that foundation apprenticeships, launched last year for the same group, attracted 160 starts in their first eight months. The new £2,000 provider payment comes with no detail on what providers must do to earn it.

Funding for new duties. Schools receive a new accountability measure, a statutory work experience duty, mandatory risk indicators and named adults for at-risk pupils. There is no school funding line. Universities are asked to rethink their role with no discussion of their finances. HEPI describes the higher education section as undercooked.

Timing. Welfare changes for existing claimants begin from 2029, the year by which the next general election must be held. The support is meant to come first, but only £500mn is identified for 2027-28. Much of the difficult delivery falls to a future Parliament.

Over-25s. Young people are around 13 per cent of working-age claimants. Milburn urges reform for the rest, but adults were outside his remit.

Places without mayors. The delivery model assumes strategic authorities with capacity. Much of England does not yet have one.

AI and entry-level work. The report does not address in detail what artificial intelligence does to the supply of starter jobs.

The rest of the UK. Education and health measures are England only. The Scottish Government has already warned about knock-on effects for its budget.

Student employment. HEPI notes that most full-time undergraduates now work in term time, competing for the same entry-level roles.

Political reaction

Government. Pat McFadden responded in the Commons today, and DWP published a written response alongside the statement. He called the report a landmark and said the Prime Minister and the whole Cabinet had this morning endorsed the need for a whole new system for young people. In substance, the Government accepted the delivery half of the package, stopped short of adopting the welfare half and did not address funding (which the Treasury says will be considered at the Spending Review) or employment costs.

What the statement did:

- **Accepted the guarantees.** McFadden said the Government supports a new Opportunity and Support Guarantee, backed by legislation, so that every young person not earning or learning has a credible route into education, training, an apprenticeship, work experience or a job.
- **Accepted local, personalised delivery.** Employment, education, skills, health and wider support would be brought together around the individual and delivered locally, with standards and accountability for outcomes. Each eligible young person would have one place to turn, one trusted person and one plan. DWP's written response says new locally led youth services, shaped by mayors and local leaders, will start from next year.
- **Brought the jobs guarantee forward.** The fully funded six-month job will be available after 12 months on universal credit, not 18. The change was first announced at the weekend. It is narrower than Milburn's proposal, which would cover any young person who has been NEET

for 12 months, whether or not they claim benefits.

- **Created new machinery.** A Youth Opportunities Unit will report directly to the Prime Minister, and the Government will work with the devolved governments so that local delivery and personalised support reach young people across the UK. The Cabinet Office has since confirmed that Alan Milburn will chair the unit.
- **Described the welfare changes without adopting them.** McFadden set out the Youth Allowance, continued help with additional costs for disabled young people, a locally held fund for short-term support and a stronger safety net with an end to unnecessary reassessments for those who cannot realistically work. Each was attributed to the report, and none was explicitly accepted. He did endorse the principle that opportunity must be matched by responsibility, with those who can participate expected to take up the support on offer. DWP's written response says young people will keep their current benefits and support while the report is considered.
- **Did not address funding or employment costs.** There was no reference to employer National Insurance, the minimum wage, the Employment Rights Act, the apprenticeship levy, the over-25 apprenticeship funding change or the specific proposals for schools, colleges and universities. No new funding was announced and the Spending Review was not mentioned.
- **Pointed to action already under way.** McFadden cited the existing £2.5bn Youth Guarantee and thanked retail, hospitality and tourism businesses for recent pledges to hire 250,000 NEET young people over the next few years.
- **Set the timetable.** The Timms review will report soon, a White Paper will follow in the new year and legislation after that. DWP's written response adds that next steps on welfare reform will be set out in the coming weeks.
- **Addressed Labour MPs.** McFadden rejected the description of young people as snowflakes and shirkers, said the fault does not lie with them and presented the reform as the counterpart to the settlement for older people announced at party conference. He said the House would then choose between the inherited system and a new one.

What else is known:

- Andy Burnham has said the status quo is not working and that the Government is prepared to act. He had been expected to back most of the recommendations, including the core welfare changes. Today's statement did not go that far.
- The Prime Minister's official spokesman said after publication that the Prime Minister wants the report "to be a watershed moment in how we think about welfare and how we support young people to grow up". He said the safety net will always be there for those who cannot work, and that the Government has a duty to do everything in its power to help those who can work with the right support. He described the approach as supporting people into jobs where they live "rather than crude cuts".
- Asked about Milburn's comments that the effect on job creation for young people should be considered when raising the minimum wage or changing employment rights, the spokesman said the Government wants the reforms "to work for employers too" and is working with businesses and unions on implementation. He made no commitment to change either policy.
- McFadden has told Labour MPs this is not last year's welfare package repackaged, while accepting that some future claimants will receive less than they would today.
- The Treasury has said only that the Milburn and Timms recommendations will be considered at the 2027 Spending Review. DfE has not set out a position on the schools and college proposals.
- The key audience is the Parliamentary Labour Party. Milburn has told Labour MPs they will have to vote for it. Whether they do is the main uncertainty in the whole exercise.

Conservatives. The party has welcomed the conditionality and opposed the rest. Kemi Badenoch dismissed the package as costly schemes to fix Labour's own mistakes and predicted no welfare savings would materialise. Helen Whately said the Conservatives would back Milburn where he is right, but called the

review too cautious and too reliant on the state. Andrew Griffith set out the business case the day before publication: halve the "jobs tax" for young people, pause parts of the Employment Rights Act, drop minimum wage equalisation and cut red tape on weekend and holiday jobs for teenagers. He cited Centre for Policy Studies analysis that the cost of employing 18- to 20-year-olds will have risen 31 per cent between July 2024 and next April. Expect the Conservatives to keep pressing on the distance between Milburn's diagnosis and his remedy.

Reform UK. Suella Braverman called the review an admission that the jobs tax has failed and a missed opportunity, and attacked the ten-year timetable. Reform says it would scrap the National Insurance rise, double apprenticeships and close what it calls scam university courses.

Liberal Democrats. Sir Ed Davey said no target or guarantee can create jobs that do not exist and pointed to Lib Dem proposals for 100 hours of work experience before 18 and a careers coach for every young person. Daisy Cooper said the youth National Insurance measure only partly undoes the damage.

Others. The Greens called the welfare proposals extremely concerning. The Scottish Government said any consequential cut to its budget would be unacceptable.

Our read. Every opposition party agrees with the diagnosis but contests parts of the remedy. The right says it does too little on employment costs. The left says it does too much on welfare. That leaves the Government with few outside allies for the hardest parts, and makes it more likely that the popular elements survive while the contested ones are diluted. Today's statement fits that pattern: the guarantees and local delivery were accepted, and the welfare changes were left for the White Paper. Milburn's appointment to chair the Youth Opportunities Unit means the review's author now leads the response to it, which makes the recommendations harder to drop quietly.

Sector reaction

The pattern is consistent. Those promised money have welcomed it, those handed duties have objected, and almost everyone has added that it depends on funding.

Think tanks. Ruth Curtice of the Resolution Foundation said the recommendations match the scale of the problem, but that welfare reform is the most contested element while doing relatively little to cut NEET numbers. She warned that those whose health or disability prevents work could be considerably worse off, and called for a White Paper and Spending Review to match the ambition. The Institute for Employment Studies cautioned against reading today's fall in unemployment as a recovery. The IFS said many young people with less severe disabilities would be likely to see large income losses at first, though moving into work could offset this, and that the limited detail makes the plans difficult to judge.

Schools. This is the most sceptical corner. Pepe Di'Iasio of ASCL warned of more pressure on a system already overloaded with expectations and called the destinations measure disappointing. Paul Whiteman of NAHT welcomed the early years focus, but said schools do not need another Ofsted-judged measure and that delivery would need investment on a scale not seen in years. Leora Cruddas of the Confederation of School Trusts cautioned about asking primary schools to use risk-of-NEET indicator tools, arguing the priority should be getting more children reading and writing to the expected standard. She also warned against holding schools to account for work readiness, which risks overstating their role and underplaying the economic causes of young people being NEET. Professor Becky Francis of the Education Endowment Foundation said the ambitions are only achievable if schools have the time, capacity and specialist support.

Colleges and skills. David Hughes of the Association of Colleges said colleges are ready to do more, and the review cites AoC evidence that colleges enrolled 32,000 extra young people this year without extra funding. NCFE welcomed the premium. Enginuity welcomed full funding for under-25 apprenticeships, but warned that funding bands for engineering standards are too low to deliver them and that the over-25 cuts need a safeguard for upskilling. AELP said it supports most of the recommendations, including ending the Treasury top-slice, full funding for under-25 apprenticeships and the new provider incentive. It said the Government will need to go further than the review to stimulate employer demand, including on employer National Insurance, and warned that restricting funding for older apprentices could create a "sharp cliff edge". A fuller AELP briefing is due next week.

Higher education. Nick Hillman of HEPI offered the sharpest early critique. He argues the rhetoric runs ahead of the substance, that the report treats education mainly as a labour market tool, and that the delivery machinery looks slow and fiddly. He also notes the silence on university funding. Vanessa Wilson of University Alliance welcomed the review's rejection of a

"false binary" between technical and academic education, but said the Government must maintain higher-level provision, including higher and degree apprenticeships, for those already in work.

Employers. The Federation of Small Businesses welcomed the focus on making it affordable for small firms to hire. The British Chambers of Commerce, UKHospitality and the British Retail Consortium were supportive at launch, which is unsurprising given retail and hospitality are first in line for the National Insurance change.

Charities and local government. Citizens Advice called it a watershed, with a warning about pushing young people into poverty. Sense wants assurance that no young disabled person with complex needs will lose out. Disability Rights UK opposes the removal of disability benefits outright. Councils will want their own role defined, given the report is written largely around mayors.

Opportunities and risks

Schools and trusts. The risk is imminent: a new accountability measure from 2028 with no assessment method and no funding. The opportunity is that the method has not been written. Trusts with strong destinations data, employer partnerships or technical pathways are well placed to help define the ready-for-work standard before DfE and Ofsted do it for them. The proposal for the Youth Opportunity Service to absorb some Careers and Enterprise Company hub functions also deserves early attention.

Colleges. The promises are substantial: more places, guaranteed funding per learner, a premium, and a lead role in pre-apprenticeships and Level 4 and 5. None of it is funded yet, and colleges have recent experience of absorbing growth unfunded. The priority is to shape how the premium is defined and paid, and to secure the in-year funding guarantee in the Spending Review.

Apprenticeship and training providers. Providers focused on young people, Levels 2 and 3, and small employers stand to gain. Those built around adult, management and higher-level programmes face a 25 per cent cut, potentially deepening by 2031-32. The 80 per cent achievement rate target will also bring sharper scrutiny of quality. Three further changes need watching: a £2,000 provider payment whose conditions are undefined, the proposed replacement of employer levy balances and transfers with direct funding, and 10 per cent of the budget moving to mayors. Removing the English and maths exit rule for 16- to 18-year-olds would help completion rates, and reduce demand for the associated assessments.

UCAS and application platforms. Milburn wants the route into apprenticeships made far simpler, and describes the current system as a maze. His answer is a strengthened Government website nationally and mayor-run access points locally. UCAS, which had previously expressed an intent to take this role, was not proposed by the review. For other platforms and careers providers, the practical point is that the front end of the system would be built and commissioned by strategic authorities, area by area.

Universities. There is an opening to lead on step-off awards, Level 4 and 5, degree apprenticeships and provision in towns with low participation. The risk is funding steered towards priority sectors and new expectations on graduate outcomes, with no new money.

Awarding bodies. More vocational qualifications in schools, a pre-apprenticeship tier, annual higher education awards and any assessment behind the ready-for-work standard are all potential new markets. A single 14 to 19 framework and fewer exams cut the other way.

Edtech and digital providers. Digital-first mental health support, coaching at scale, risk-of-NEET indicators and destinations tracking all need suppliers. Commissioning is likely to be local, through mayors.

Employers. Hiring grants are available for those who can use them, and retail and hospitality are first for tax relief. The "bargain" also carries an expectation: a 10 per cent first-chance benchmark that could harden from voluntary to expected. Employers who train older workers through apprenticeships should model the funding cut now.

Local government. Mayors gain commissioning power and a share of any savings. Councils outside mayoral areas risk being left with the responsibility and little of the money.

What to do next

The timetable is short and the sequence matters. The Government gave its initial response today and said next steps on welfare reform will follow in the coming weeks. McFadden confirmed a White Paper in the new year, expected to respond to both Milburn and the Timms review of PIP, which he said will report soon. Legislation is to follow, expected by mid-2027. The money will be decided at the 2027 Spending Review.

No date has been announced for it. Mid-2027 is widely expected, but organisations should not plan around a specific month until the Treasury confirms one.

Six actions follow.

1. **Respond now, with specifics.** A general welcome adds nothing. Say what your organisation can deliver, at what cost and what stands in the way. Stay out of the welfare argument unless it is central to your mission. It will be loud, and it is not where most education and skills decisions will be made.
2. **Get evidence to officials before the White Paper is drafted.** DWP and DfE now have to turn recommendations into workable policy, with a new Youth Opportunities Unit, chaired by Alan Milburn and reporting to the Prime Minister, to coordinate across government. The unit will shape the cross-government response to the review and is tasked with securing commitments from employers and voluntary organisations, so evidence should go to it as well as to departments. The areas with the least detail are where outside input counts most: the ready-for-work standard and how pupils are assessed, the college premium, the pre-apprenticeship tier, and the over-25 funding rules.
3. **Build a Spending Review case early.** The risk is that the welfare savings are taken and the investment is scaled back. Organisations that can show costed delivery and measurable outcomes will be better placed than those making general arguments for funding. Whether the Treasury releases the full levy receipts is the clearest early test of how seriously the apprenticeship ambitions are being taken.
4. **Treat mayors as commissioners.** Participation Agreements will decide who delivers locally. The Youth Opportunities Unit is charged with driving the guarantees and the Youth Opportunity Service with mayors and strategic authorities. Engagement with established combined authorities should start now, and those in areas without a mayor should press for clarity on how they will be covered.
5. **Work across parties.** Labour MPs anxious about the welfare changes need to hear about the opportunity side from people who would deliver it. The Conservatives, Reform UK and the Liberal Democrats are all focused on employment costs, apprenticeships and work experience, which offers common ground whatever happens at the next election.
6. **Plan for the downside.** Providers and employers reliant on adult apprenticeships should model the funding cut. Schools and trusts should assume the new accountability measures are coming in some form and decide what they want them to look like.

Further reading

- From a Welfare State to a Working State: final report and analytical annex, GOV.UK
- The Milburn review into young people and work: the key points, Financial Times
- Milburn review: key information for schools, Tes
- Immediate thoughts on the Milburn Review, HEPI
- Government must match Milburn's ambition, Resolution Foundation
- ONS labour market, November 2026, FE News
- Will the Milburn Review get the UK to NEET Zero?, FE News
- Milburn sets out apprenticeship shake-up to favour young people, FE Week
- Award HE diplomas to university dropouts, says Milburn review, Times Higher Education
- Milburn review suggests radical devolution, Local Government Chronicle
- Milburn review tells Healey to find billions more in public spending, City AM
- Milburn Review of Young People and Work: IFS response, IFS
- Milburn attacks disabled young people, Disability Rights UK
- Engineering risks being left behind by Milburn Review, Enginuity (via GlobeNewswire)
- AELP welcomes Milburn Review proposals to expand opportunities for young adults, AELP