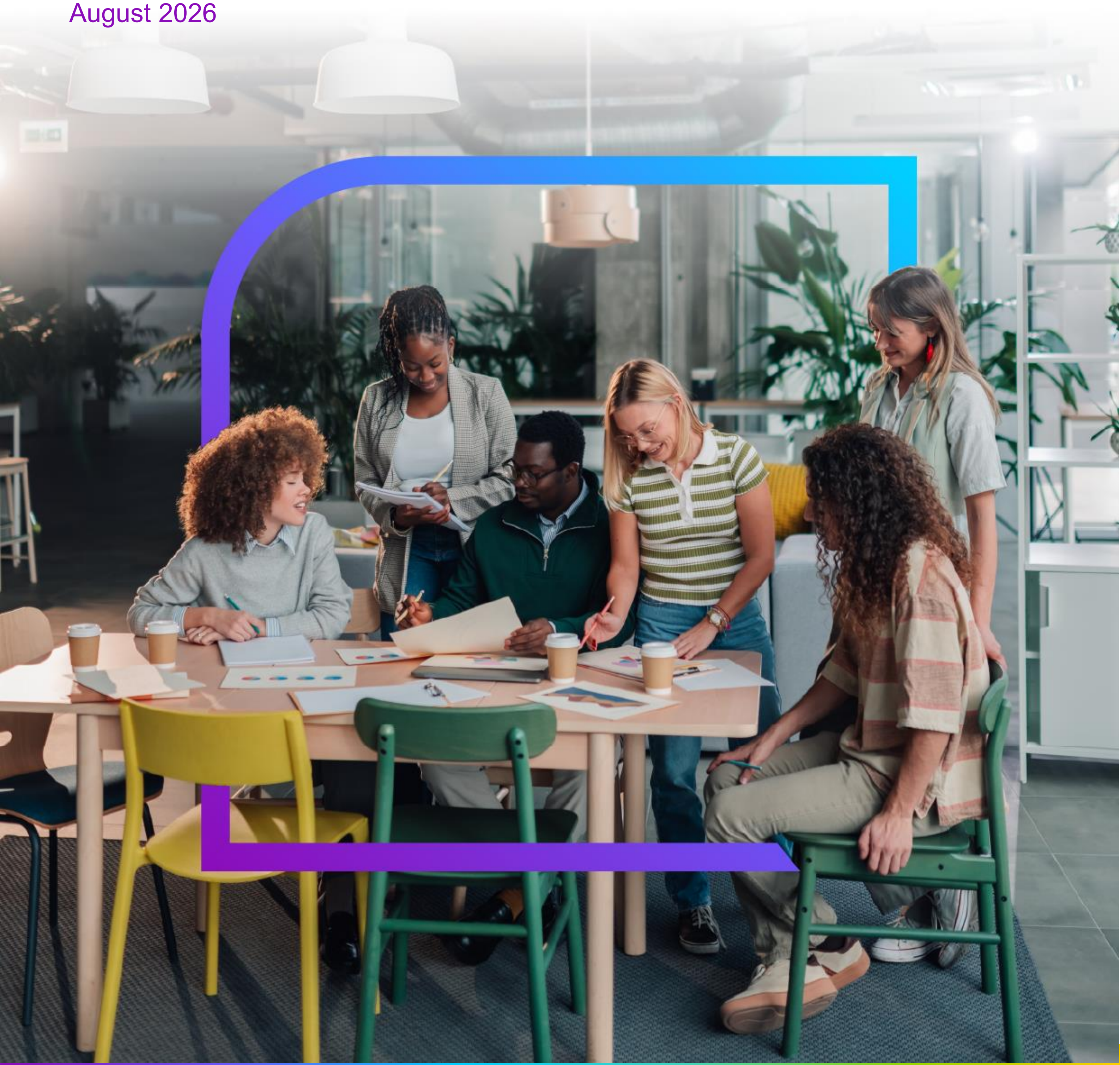
Opportunity in every postcode

Ensuring young people have options, wherever they live

August 2026



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Foreword

The Prime Minister has made solving the youth employment crisis one of the defining challenges of his government – and rightly so. This is not just an economic challenge; it is a social and moral imperative. Young people have a tremendous amount to offer, yet too many are locked out of the labour market and denied the opportunities they deserve.

The consequences of this tragic waste of potential are deeply personal, but they also go beyond the individual; when young people lose out, so do businesses, government and the wider economy. Without a coherent plan to tackle youth unemployment, we risk weakening the social contract that binds firms, workers and communities together. The stakes are high, and we cannot afford to fail.

As Mayor of Greater Manchester, the Prime Minister demonstrated the power of bringing different parts of society together to solve difficult problems. That is the approach we need now. Business will be central as the ones who will create the jobs, training and opportunities that bring young people into the world of work. And the appetite is there. Every business leader I speak to wants to play their part in solving this challenge.

But the reality is that the employers who can offer more opportunities to young people are already doing so. And ensuring there are opportunities in every postcode will require government to remove the barriers that are holding back growth and investment; the catalysts for jobs.

If you take away any message from the report, it should be this: the same challenges that are holding back growth are hurting young people and their ability to enter the labour market. For it to work, growth must be at the heart of the youth employment strategy. Treating them as two separate challenges – and assuming that businesses can deliver opportunities without growth – will result in more young people falling into unemployment and inactivity.

Young people want to work. Businesses want to create more opportunities. This report outlines how we can get there. It highlights where the system is already working effectively, and where policy changes can have a meaningful impact on businesses' ability to transform young people's lives for the better.

Rain Newton-Smith

Chief Executive, CBI

Introduction

At the end of last year, we asked CBI members what our priorities for 2026 should be. Across the UK's regions and nations, youth employment – and tackling the crisis of youth opportunity – repeatedly ranked as a top issue.

Since then, the imperative to act has only grown; the number of young people aged 16 to 24 identified as out of education, employment and training (NEET) has officially surpassed one million, and the youth unemployment rate is at more than a decade-level high. There is no doubt that the youth inactivity problem has escalated into a youth inactivity crisis, demanding business, government and civil society's full attention.

Businesses have a key role to play in the solution by creating the jobs and training needed to bring down the growing number of young people out of training and work.

And the conversations we have had with employers, training providers and other youth employment experts across the UK in the preparation of this report exposed important and encouraging truths: there is no deficit of businesses who want to support more young people into the workplace, or shortage of talent and ambition across young people.

In fact, these conversations highlighted that the overarching problem is growth: growth is what funds labour market opportunities. Where businesses can operate effectively and grow, opportunities follow. And the same applies in reverse: the inability to grow and compete effectively limits the need to create the jobs that young people will disproportionately rely on to enter the world of work. This problem is holding back employers and stopping unemployment levels from being brought down.

Youth inactivity and growth must therefore be considered as two sides of the same agenda; the same policy levers that will help drive growth will help young people to thrive and flourish. It will also help fund the support needed to remove barriers that may stop young people from seizing work opportunities. This includes skills, work readiness, and increasingly, health-related barriers.

To truly move the dial, government must pull on the policy levers that help shift businesses' mindsets from cost and caution to investment and opportunity. This means making it easier for businesses to take a chance on young people at a time when the risk and cost of hiring have become prohibitively high. And they can achieve this in the policy decisions they make, in areas such as guaranteed hours and future rates of the minimum wage.

The following report can be broken down into these three questions – how to stimulate the business demand for young people through tackling the cost of doing business, how to give employers the confidence to hire, and how to strengthen the support and training system for young people so they can seize the opportunities that are open to them. Only by addressing these questions in parallel can government and business deliver on their shared ambition to ensure every young person's right to a place in the labour market – and to a fulfilling and successful future – is fulfilled.

Executive summary

A young person does not become NEET overnight. The factors that shape their ability to access education, training and work are complex and interconnected. As Alan Milburn's interim report[1] recognises, improving outcomes will require action across a wide range of systems and institutions. His final recommendations are expected to set out the broader reforms needed to ensure every young person can fulfil their potential.

This report focuses on the role that businesses can play in creating opportunity. It examines the economic conditions that enable firms to grow, invest and create jobs, alongside the reforms needed to ensure young people have the skills, health support and employability foundations required to seize those opportunities.

Empowering businesses to create opportunities

The conversations we had with businesses across the country in the preparation of this report were underpinned by a simple yet encouraging message: businesses want to do more to support young people into work and training, and many are already doing so. They are also deeply committed to supporting those who may require more targeted support to succeed, such as young people with Special Educational Needs and Disabilities (SEND).

Realising this ambition requires interventions to switch business mindsets from cost and caution to investment and opportunity. The best way to do this is through a renewed partnership between business and government, with action in three priority areas:

1. **Tackle the cost pressures holding back job and training opportunities.** Rising employment and energy costs are leaving many firms with little to no headroom to invest in creating jobs and helping their workers gain new skills. Addressing these pressures would help unlock additional opportunities for young people.
2. **Give employers the confidence to take a chance on young people.** Uncertainty surrounding policy reforms, including the implementation of guaranteed-hours measures, risks making firms more cautious about recruitment. This disproportionately affects young people who are trying to enter the labour market for the first time.
3. **Remove barriers to quality training and support**. Devolution and wider skills reforms should make it easier, not harder, for employers to engage with skills systems at scale. Training providers must also have the financial stability needed to deliver quality training and support.

[1] Department for Work and Pensions, Young people and work: interim report. June 2026. See here.

Recommendations

Tackle the cost pressures holding back job and training opportunities

- Cut employers NICs, using the period before the Autumn Budget to design this cut for maximum impact
- Remove Renewables Obligation and Feed-in Tariff costs as part of a wider package to bring down energy bills for all businesses
- Reform business rates through structural reform, stronger investment incentives, and greater long-term certainty

Give employers the confidence to take a chance on young people

- Protect young people's jobs by adopting a 52-week reference period and a 'low hours' threshold of no more than 8 hours in rules on guaranteed hours
- Re-establish a tripartite dialogue to find a landing zone for the implementation of the Employment Rights Act that can be supported by business and workers
- Make any removal of the youth minimum wage rate conditional on a significant reduction in the NEET rate
- Use the lessons from Fit Note pilots to reverse the trend of declaring employees unfit to work without considering what adjustments would have avoided a prolonged period of absence
- Change the tax treatment of health and wellbeing services so firms are in a better position to support young people experiencing health-related barriers to work

Remove barriers to quality training and support

- Help more young people become work-ready by commissioning Skills England to pilot employer-led work experience models and supporting employers with the cost of delivering work experience
- Harness AI and technology to strengthen careers guidance and help young people recognise and be confident telling employers their strengths and what they can bring to work
- Work with employers, training providers and devolved authorities to establish a common framework for approaching skills devolution that ensures every young person can access quality opportunities within and beyond their local area
- Commit to a default of multi-year funding for national and devolved skills and employability initiatives to unlock investments from employers and training providers
- Unlock more apprenticeship opportunities through meaningful Growth and Skills Levy reform, increased budget transparency and a funding system that supports long-term employer investment
- Capitalise on the innovation in devolution by commissioning the Labour Market Evidence Group (LMEG) with gathering and disseminating evidence on the effectiveness of youth and employability initiatives

Creating more opportunities for young people requires targeted changes – not wholesale reform

The scale of the NEET crisis should not be underestimated – it is a serious challenge that requires government, business and society's full attention. The best strategy to meet this challenge builds on existing strengths while addressing areas for improvement. It is characterised by strong partnerships between employers, training providers, government and young people. Businesses want to step up to the challenge, both because young people are the workers that their future success will rely on, and to demonstrate that everyone has a stake in sustainable growth.

Tackling the NEET crisis begins with recognising what works well

Wholesale reform can be tempting, but the fastest way to expand opportunity and improve social mobility is to build on what already works. Across the country, employers, education providers and local partners are creating clear pathways into work, helping young people develop skills, gain experience and access good jobs. The starting point for reform should therefore be understanding why these initiatives succeed and how their impact can be extended to reach more young people.

This should also be a measure of success. If policy changes make it harder for businesses and providers to deliver proven programmes, reduce opportunities for young people, or discourage investment in the next generation, they risk weakening the very pathways that help young people progress into work and get on in life. Successful reform should strengthen and scale what works, not disrupt it.

Across the meetings and events that informed this report, the importance of partnerships was the theme most frequently raised by CBI members. Partnerships between training providers – colleges, universities and Independent Training (ITPs) – and employers that are already helping young people overcome barriers, build confidence and move into employment. The factors that different success stories have in common are summarised in **Exhibit 1**, along with the most frequently cited challenges to doing more. Future reforms need to build on these successes and be careful not to inadvertently make it harder for businesses to deliver programmes like these.

Exhibit 1. The experiences of businesses with successful initiatives to tackle youth unemployment share common features

Common factors underpinning many of the initiatives that have supported young people into training and work	Challenges that have made it harder for businesses to deliver initiatives
• Strong relationships between training providers, employers and other bodies (including local authorities and charities) • Wraparound and remedial support focused on responding to the young person's specific needs and challenges • Clear recognition that young people face different participation barriers, underlining the importance of flexible and personalised approaches • The ability to use funding flexibly to meet learner and employer skills needs • Comprehensive strategic workforce plans, and aligning this to investments in young people and their potential	• Rising business costs crowding out space for discretionary budgets, such as recruitment and training • Recent apprenticeship defunding, and the expectation that more apprenticeships could be defunded in the future • Restrictions around the Growth and Skills Levy and how it can be spent • Complexity in the skills and employability landscape, both for larger businesses and SMEs • Insufficient, uncertain and short-term funding arrangements for skills and employability initiatives • Regulatory barriers that increase the risk and cost attached to hiring and training • Tax treatment of health and wellbeing services making it harder to invest in this area • Devolved authorities allocating different amounts for skills and training budgets • Young people exiting secondary education with low confidence about their future labour market prospects, and disengaging with opportunities as a result • Broader macroeconomic uncertainty

There are too few opportunities, making working particularly difficult for the young people who face barriers to accessing them

Despite the various examples of quality initiatives, and sheer determination to support young people to succeed and thrive across the country (**Annex 2**), the conversations behind these case studies also highlighted systemic barriers which are placing a hard ceiling on ambition, resulting in support and opportunities going undelivered. These barriers can be broken down into key areas, which are the focus of the next three chapters:

1. Higher business costs limiting what businesses can offer in terms of support and and opportunity;
2. The risk attached to hiring and creating jobs preventing firms from being able to take a chance on young people; and
3. Supply-side barriers that are stopping businesses from helping young people to seize job opportunities through training and targeted support.

In the fight to give young people the opportunities they deserve, tackling business costs must come first

High costs and limited financial headroom mean businesses simply cannot afford to fund more opportunities for young people – those that can are doing so already, and those that cannot will only be able to if the barriers that are holding back their ability to invest and grow are addressed. To be successful, growth – and the policy levers that enable businesses to operate sustainably – must be at the heart of the youth employment strategy.

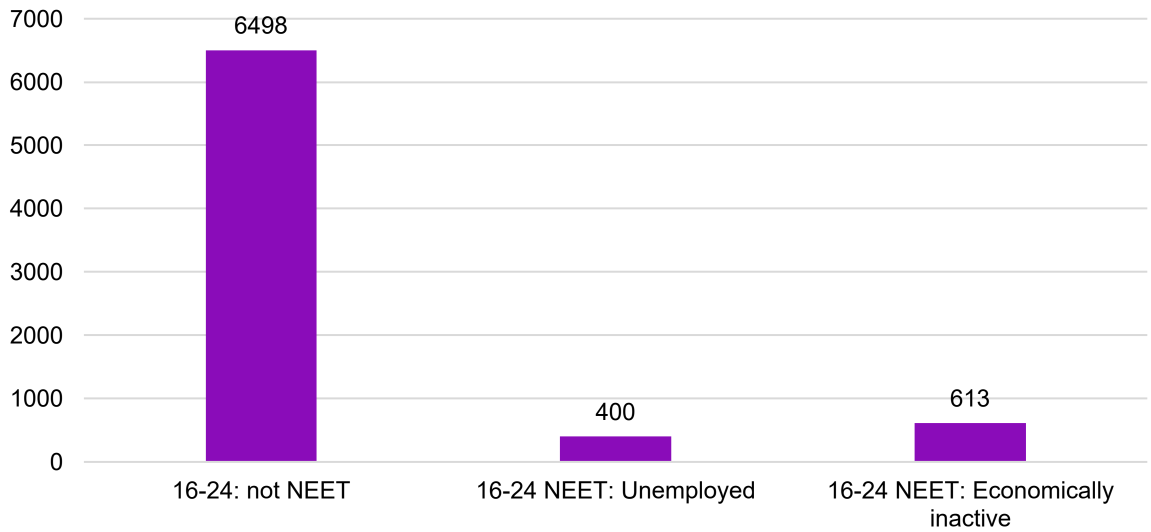
Many young people who are outside of the labour market want to work

The reason that the youth unemployment rate has been slowly climbing – and recently hit its highest level in over a decade – is not young people avoiding work. Of the 7.5 million young people (aged 16-24) in the UK, around 7 in 8 are either in work; in education and training and moving towards work; or applying for work and struggling to find it (**Exhibit 2**).

Of the 613,000 young people who are not in any form of education, employment and training (NEET) and who are not actively looking for work, many will be experiencing genuine barriers that have discouraged them from applying for jobs or engaging with training opportunities.

Therefore, as Alan Milburn rightly reported, the key problem is not trying to convince young people about the merits of working – it is creating the conditions for businesses to help young people fulfil their potential.

Exhibit 2. Young people who are NEET and economically inactive versus other groups (000s).[2]



Stunted job creation is a major factor in high youth unemployment

Tackling barriers to work – such as mental health – will be key to ensuring more young people can access the labour market. But the rise in youth unemployment – and the number of young people struggling to find work – is being driven in large part by weak job creation and businesses' caution to hire. This is reflected in the UK vacancy levels, which continue to fall to new post-pandemic lows (**Exhibit 3**). Many of the sectors that have historically been big youth recruiters – such as hospitality and retail – have, at best, seen small increases in vacancies, contributing to a rising number of young people struggling to find jobs (**Exhibit 4**).

The slowdown in jobs has a disproportionately large impact on young people because they are more reliant on advertised vacancies to enter the labour market. On the other hand, adults may be less able to change jobs but are more likely to already be in work. Concerningly, there is a good chance that youth unemployment will rise over the next few months, as the addition of school leavers and graduates entering the jobs market is likely to outstrip any growth in vacancies, causing competition for entry-level job opportunities to intensify even further.

[2] These figures are based on the quarter to March 2026 and can be found in the ONS' NEET data. The non-NEET figure and percentage have been calculated by subtracting the number of people who are NEET from the total 16-24 population.

Businesses have also explained that rising costs mean discretionary budgets such as recruitment are being squeezed, and growing competition for work is disadvantaging people with less experience of the workplace. Unlocking headroom for recruitment will therefore be key to ensuring every young person's right to thrive and flourish is fulfilled.

Exhibit 3. Total vacancies across the UK economy (000s)[3]

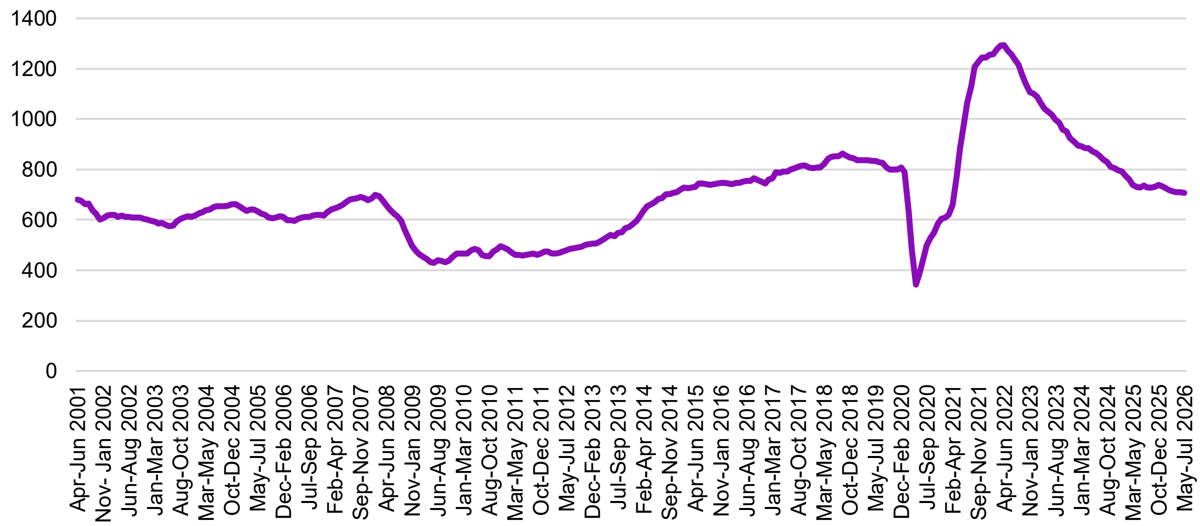
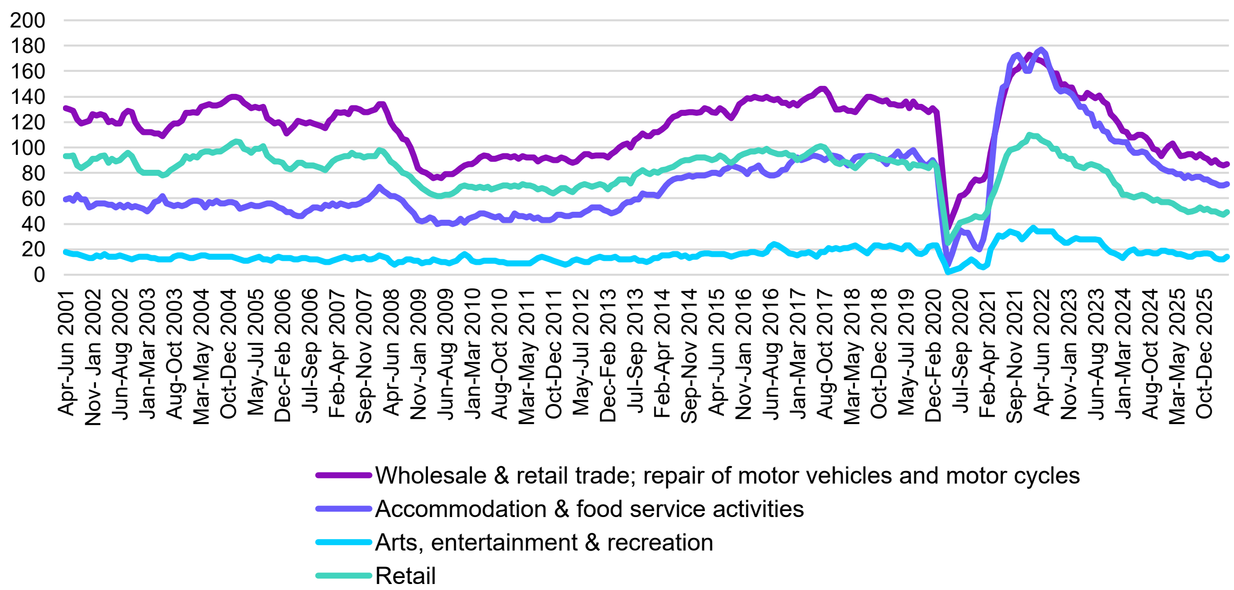


Exhibit 4. Vacancies by specific sectors (000s)[4]



[3] ONS, Vacancies and jobs in the UK. August 2026. See **here.**

[4] ONS, Vacancies and jobs in the UK. August 2026. See **here.**

Rising business costs have trapped many firms into a no-growth cycle in which they have no need to hire…

The high number of vacancies as the economy bounced back after the pandemic was a sign of an economy struggling to scale its capacity to meet demand. Some reduction in vacancies from this peak was helpful. But there is growing evidence that many businesses would create jobs and opportunities for young people were they not constrained by rising costs that push up prices to levels that are crushing demand for their goods and services.

The Employment Trends Survey we conducted with Pertemps Network Group illustrates this challenge. Against a backdrop of business taxes reaching almost £350 billion[5] and continued cost pressures, firms were asked how they were responding to increases in the National Living Wage. Nearly half of affected businesses (47%) said they were raising prices, while the proportion of businesses offsetting the cost by reducing employment more than doubled, from 15% to 36%. The proportion of respondents citing cut investment also rose to 31%, up from 13% in 2024 **(Exhibit 5).**[6]

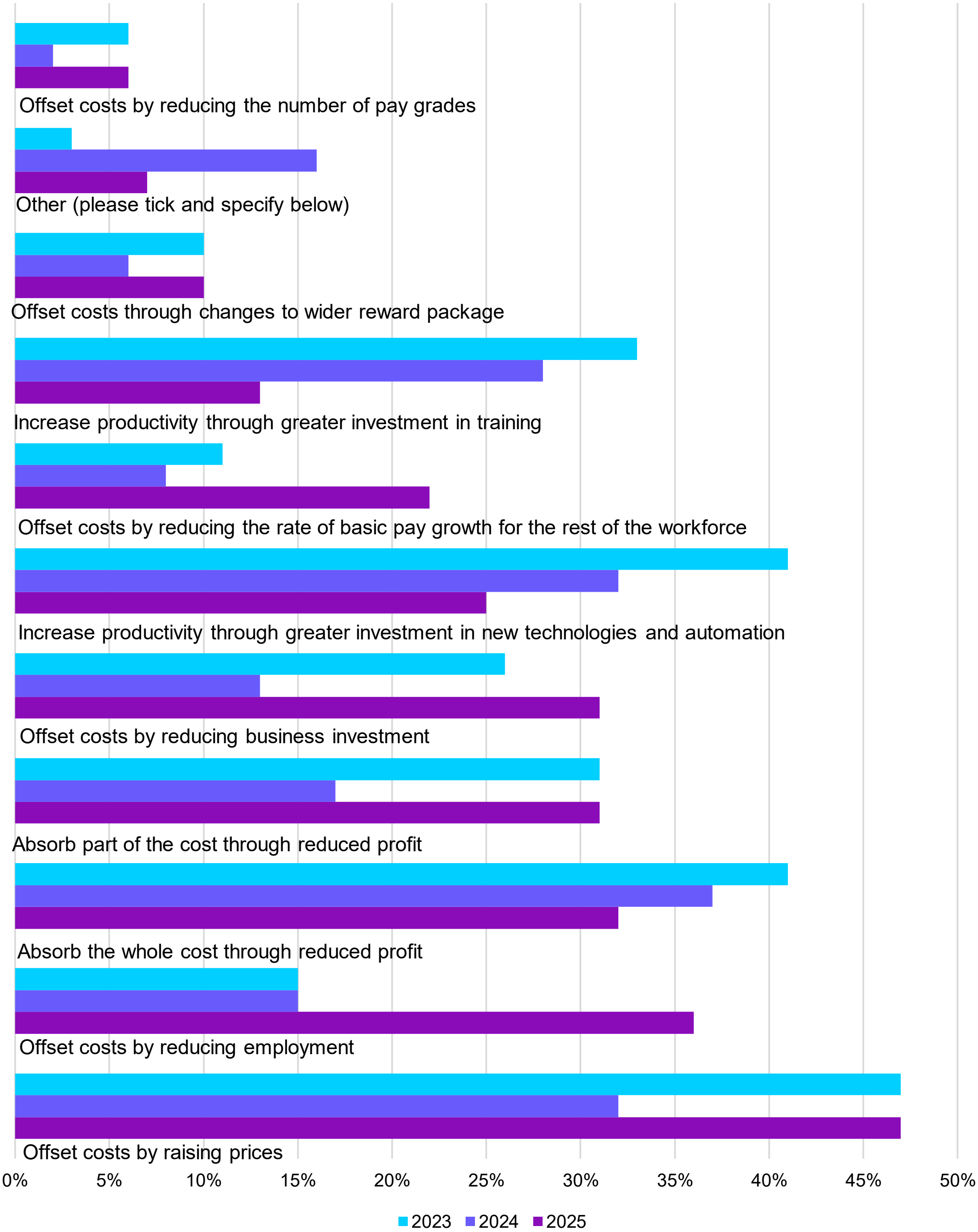
Although the question focused on minimum wage costs, firms report taking similar decisions in response to wider cost pressures. For example, as part of a business survey conducted for our 'Cost of Doing business' report, over 6 in 10 business respondents said that rising business costs since 2019 had significantly, or very significantly, contributed to delayed or cancelled investment decisions and reduced hiring (both 64%).[7] This reinforces feedback that businesses are looking for alternatives to price rises to help them stay competitive.

Tackling the cost of doing business matters for young people. It will shape not only whether businesses can afford to recruit and train them, but also the salaries that they can offer. As such, it also affects whether young people can afford to buy a home, start a family and enjoy a decent standard of living.

This is because the cost-of-living crisis is, in many ways, a cost-of-doing-business crisis. When firms face rising costs, those costs are often passed on to consumers through higher prices. Ensuring businesses have the headroom to invest and grow is therefore essential, not only to creating more jobs, but also to preventing further pressure on household budgets and improving living standards for everyone.

[5] CBI, Business tax contribution 2025/26. See **here.**
[6] CBI/Pertemps, Employment Trends Survey 2026. See **here.**
[7] For further information on this survey, please **get in touch**.

Exhibit 5. Actions that affected businesses reported currently taking in response to the NLW increase, 2023-2025 (Respondents asked to select all options that apply) (% of respondents)[8]



[8] CBI/Pertemps, Employment Trends Survey 2026. See **here.** This excludes 'Does not affect my business'.

… and without action, this problem will persist

Importantly, the problem of youth unemployment – and the tragic waste of potential associated with it – will not correct itself without action. There are clear signs that without intervention, the labour market outlook will remain bleak for people of all ages and backgrounds, and that access to opportunities will deteriorate even further as a result of challenging macroeconomic conditions and businesses struggling to grow.

We estimate[9] that GDP growth will slow for the remainder of the year and into 2027 (**Exhibit 6**). We also predict that the cost of borrowing will remain elevated and business investment will stay subdued, contributing to weak private sector hiring that continues into next year. This is due to a combination of geopolitical uncertainty, investment caution and rising business costs.

The evidence is clear: rising business costs are holding back growth. Faced with mounting pressures on their cost base, many firms are scaling back the investment, hiring and expansion needed to grow and compete.

Creating opportunities for young people in every postcode starts with creating the conditions for businesses to grow. Growth drives demand for jobs and training, and without it, access to the labour market for young people and older workers is at risk.

Unless government tackles the barriers to growth, opportunities will be limited to firms' existing Corporate Social Responsibility (CSR) and recruitment budgets. That will not deliver the meaningful reduction in youth NEET levels that government, business and wider society want to see.

Exhibit 6. UK macroeconomic predictions 2026/27, CBI analysis[10]

	2025	2026	2027
GDP growth (Real GDP)	1.4%	1.1%	0.9%
Inflation	3.8%	Head towards 4%	Slows, but remain above 2% target
Unemployment	4.9%	5.3%	5.4%
Business investment	4.3%	-1.5%	-0.3%

[9] CBI, UK Economic Forecast, June 2026. See **here**.

[10] CBI, UK Economic Forecast, June 2026. See **here**.

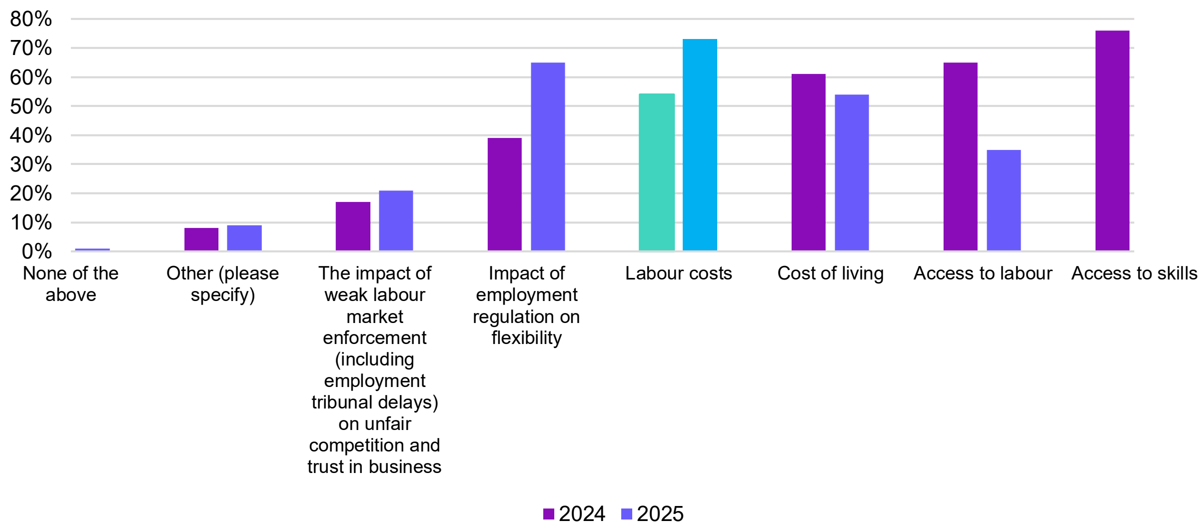
There are key pressures on firms' cost base which, if addressed, could help unlock opportunities for young people

Businesses respond to costs in the round, meaning any movement on business costs is welcome and can help tackle the crisis of opportunity plaguing different parts of the country. But there are individual costs which are weighing heavily on firms' cost base. In particular, labour costs and certain non-employment costs, such as energy and business rates. Reductions in these costs offer the best chance of increasing opportunities, which are integral to government's plan of changing young people's lives for the better.

Last year's NICs rise has significantly increased the cost of employment, making reducing NICs a priority

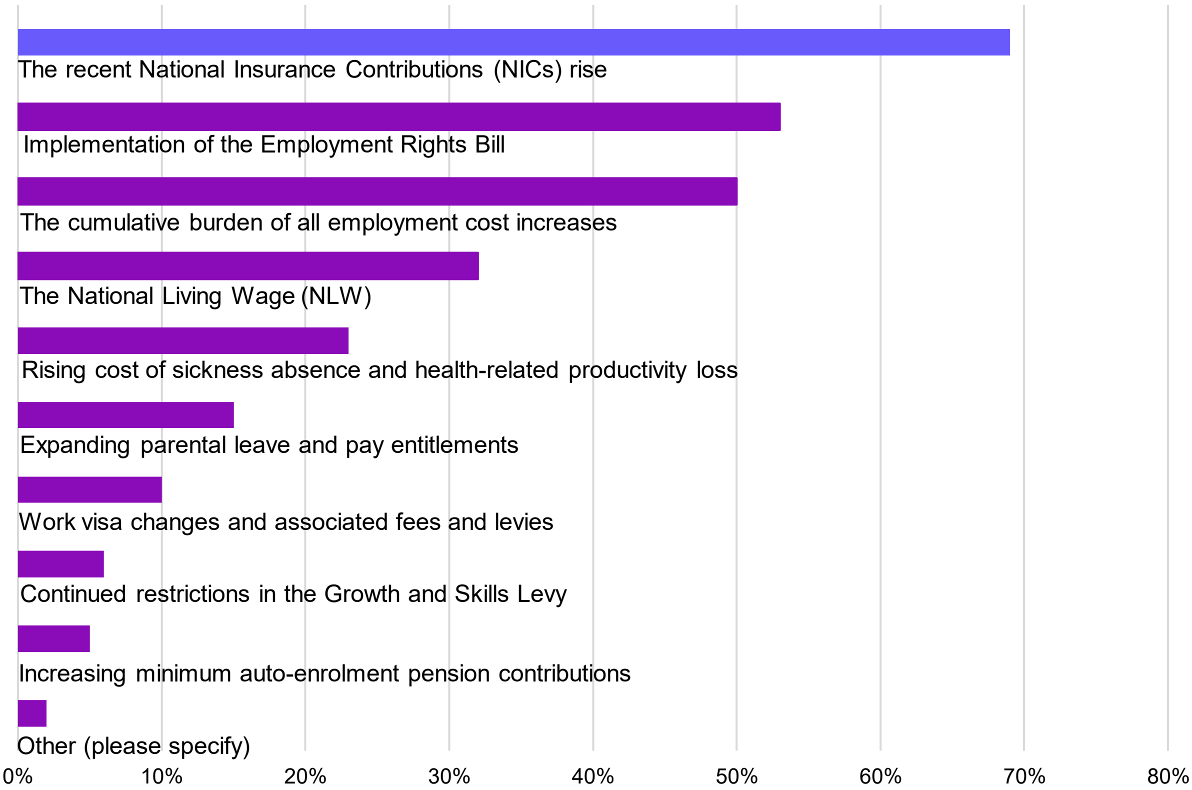
Labour costs have long been a concern for businesses, but their significance has grown sharply in recent years. In last year's Employment Trends Survey, employers ranked labour costs as the top threat to UK labour market competitiveness for the first time in over a decade (**Exhibit 7**), and ongoing cost pressures suggest this is unlikely to have changed over the past twelve months. When asked which labour costs pose the greatest threat to the UK's labour market competitiveness, 7 in 10 respondents (69%) cited last year's NICs increase (**Exhibit 8**).

Exhibit 7. Business views on the biggest threat to current UK labour market competitiveness, 2024 versus 2025 (respondents asked to select up to three options)[11]



[11] CBI/Pertemps, Employment Trends Survey 2025. See here. This excludes D/K.

Exhibit 8. Business views on the employment costs that represent the biggest threat to labour market competitiveness (respondents asked to select up to three options)[12]



Last year's employer NICs changes added significantly to the high tax burden on businesses. Employers' NICs now make up the biggest proportion of the business tax burden, overtaking Corporation Tax – it cost businesses £123.1bn in 2025/26, a 27.6% increase compared to 2024/25, and accounted for 35.7% of the total business tax burden. [13]

Following the significant rise in the number of young people who became NEET after the 2008 crisis, the previous government introduced employer NICs exemptions for young people under the age of 21 and apprentices aged under 25 to try and reduce the cost of creating youth employment and training opportunities.

But the assumption that this has exempted them from the negative effects of NICs is problematic and misguided. The savings that businesses need to make to cover the cost from their overall NICs liability are often felt in discretionary budgets, including training and jobs. And the impact of equalities legislation means that businesses must be open to incurring the cost of hiring an older worker when they recruit for a role.

[12] CBI/Pertemps, Employment Trends Survey 2025. See **here.** This excludes D/K.
[13] CBI, Business tax contribution 2025/26. See **here.**

While the current NICs exemptions can help offset some of the cost pressures confronting firms who have hired young people, they are rarely a catalyst for creating more jobs. To have a material impact on jobs and opportunities, government must look at other ways to reduce the NICs cost.

There are advantages and drawbacks associated with the different ways that government could approach reducing the NICs burden (**Exhibit 9**). Working through these proposals with businesses between now and Autumn Budget would help government optimise any changes to NICs to support youth opportunities and outcomes, while allowing sufficient lead-in time and avoiding complexity of mid-tax year implementation.

Exhibit 9. Advantages versus disadvantages attached to different NICs reduction approaches

	Advantages	Disadvantages
Reduction in employer NICs' headline rate e.g. by 1% from 15% to 14%	Benefits spread equally across employment at all salary levels e.g. some of the higher paid entry-level roles and mid-level roles that young people perform.	Not targeted. Would cost more to make a real difference to the headline rate than to implement a significant threshold increase. For example: a £1,000 increase in the threshold is estimated to cost around £3.6-3.9bn[14] annually while saving employers, including those in the public sector, up to £150 per employee. A 1% NICs rate cut would cost more than double that (around £9.3-9.8bn).[15]

[14] Increasing the employer's NIC threshold to £6,000 would incur a cost to the Exchequer through the decreased amount spent on employers' national insurance. We used the ONS ASHE and LFS data on the number of workers in the private sector as a base of our model, and we also used the ONS ASHE data to estimate the average yearly salary of these workers eligible for ER NIC. We used a bottom-up approach by first estimating the mean NIC-eligible salary for private sector employees, and multiplying that with the number of these workers. Our top-down approach used HMRC ER NIC revenue data, the HMT Budget costing, and the OBR costing, and used the proportion of private and public sector employees from ASHE and LFS to get the cost.

[15] Decreasing the employer's NIC rate to 14% would incur a cost to the Exchequer through the decreased amount spent on employers' national insurance. We used the ONS ASHE and LFS data on the number of workers in the private sector as a base of our model, and we also used the ONS ASHE data to estimate the average yearly salary of these workers eligible for ER NIC. We used a bottom-up approach by first estimating the mean NIC-eligible salary for private sector employees, and multiplying that with the number of these workers. Our top-down approach used HMRC ER NIC revenue data, the HMT Budget costing, and the OBR costing, and used the proportion of private and public sector employees from ASHE and LFS to get the cost.

Raising the employer NICs threshold e.g. by £1,000 to £6,000 per employee	More targeted at entry-level roles – and the jobs that young people rely on to enter the workplace – by nature of entry-level roles tending to be lower on the salary distribution, and a greater share of their wages becoming exempt from NICs under this proposal.	Restricted impact for entry-level roles higher on the salary distribution e.g. certain graduate-level positions. Lower awareness of the threshold impact among potential employers may limit the impact compared to a headline rate change.
Extension of NICs exemption to all under-25s[16]	Helps ensure cost reductions are limited to younger hires.	Businesses that go out to market must be open to hiring someone older than 24 due to equalities legislation so it will not change hiring decisions. This means a greater deadweight cost and savings would be limited to businesses that would have created a job and hired a young person with or without the policy. Targeted relief can create additional payroll and compliance requirements, including validating eligibility, record keeping and monitoring, increasing administrative costs and the potential of error. As a result, policy is unlikely to have a material impact on hiring/creating new job opportunities.

Addressing non-employment cost pressures also have a key role to play in creating the headroom for entry-level jobs and training

Tackling employment costs is particularly important in the fight to reduce the number of young people who are NEET. This is because employers have one recruitment budget, meaning that an increase in NICs and the minimum wage often has a direct impact on jobs.

But this does not mean that wider non-employment costs have no effect on young people and entry-level hiring. Businesses respond to costs in the round, and they will often need to manage higher energy, trade and tax costs through cutting discretionary spend, which includes training and some jobs, to protect every other job and stay competitive.

Another way that government can help to unlock youth opportunities is tackling the wider range of costs that combine to form the cumulative cost of doing business. This includes energy costs and business rates, which also rank highly in conversations about big pressures on firms’ headroom (**Exhibits 10 and 11**).

[16] Resolution Foundation estimates that extending the existing Employer NICs exemption to all employees under 25 would reduce Exchequer receipts by around £5bn per year. The estimate is a static fiscal costing and does not account for any dynamic behavioural effects - Resolution Foundation: Take a chance on me - How can employers be incentivised to employ NEETs? (June 2026)

Exhibit 10. Energy costs[17][18]

Energy Costs

The cost of energy for firms has been a strategic economic risk long before the latest crisis. Electricity is a particular concern for our international competitiveness, with UK gas prices sitting close to the G7 median but average electricity prices 45% higher over 2023 and 2024. This gap is not simply a temporary shock; it is a longstanding structural problem.

Government can tackle this – and deliver an additional £130 billion in economic output between 2027 and 2050 – by:

- Removing Renewables Obligation (RO) and Feed-in Tariff (FiT) costs for all businesses
- Reforming business energy taxes
- Using the Reformed National Pricing (RNP) programme to cut balancing costs;
- Raising non-domestic Minimum Energy Efficiency Standards
- Launching the Business Energy Upgrade scheme for SMEs
- Offering targeted operational expenditure discounts to incentivise electrification
- Offering guarantees for Corporate Power Purchase Agreements (CPPAs) to drive market expansion

[17] CBI, Cutting business energy costs: A blueprint to boost growth. July 2026. See **here.**
[18] Energy policy is devolved In Northern Ireland. Although the recommendations in this report focus on GB, the underlying issues are common in Northern Ireland. Policymakers in Northern Ireland should therefore consider the applicability of these recommendations.

Exhibit 11. Business rate reform[19][20]

Business rate reform

Business rates are one of the biggest challenges affecting competitiveness for firms of every size and sector operating in the UK. It is an issue our members raise with us repeatedly, and with good cause. At every turn they find a system that is over-complex and unfair, cumbersome yet unpredictable – where one small change can lead to thousands in unplanned costs. Government can help tackle this problem by:

1. Move from a slab to a banded/slice tax structure to help smooth marginal tax increases so investment and growth do not trigger disproportionate cost increases
2. Fix the multipliers rather than uprating them annually with inflation. Greater certainty would improve long-term planning and increase investor confidence
3. Reduce the Antecedent Valuation Date gap (the gap between starting to value properties and when they come into effect) to 12 months. The gap is currently 24 months. This will help improve predictability and keep liabilities more aligned with economic reality, reducing investment risk
4. Strengthen Empty property Relief and consider adopting Scotland's Fresh Start Relief model. Strong incentives would encourage refurbishment and bring empty premises back into productive use more quickly
5. Extend the duration of improvement relief (e.g., 3+ years) and widen eligibility, including for change of occupier, thereby removing the "tax on improvement" and supports refurbishment, modernisation and capacity expansion
6. Introduce a 'green super-deduction' for property-based capital green investment to support and reward energy efficiency, decarbonisation and productivity-enhancing upgrades
7. Rationalise and simplify reliefs, focusing support on investment-enabling measures. This would help reduce compliance costs and makes the system easier to navigate for investors

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[19] Business rates are devolved across England, Wales, Scotland and Northern Ireland. Although the recommendations in this report focus on England, the underlying issues are common across the devolved nations. Policymakers in Wales, Scotland and Northern Ireland should therefore consider the applicability of these recommendations to their own business rates systems.

[20] CBI, The path to business rates reform. September 2024. See here.

Ensuring lower costs translate into more opportunities will require pro-growth policy levers being pulled

Tackling cost is important for the simple reason that if costs eat into the budgets that businesses need to grow and create jobs, then they will not be able to help young people into work. But the biggest impact is achieved by complementing action on costs with other measures that support growth.

Recommendations

- Cut employers NICs, using the period before the Autumn Budget to design this cut for maximum impact
- Remove Renewables Obligation and Feed-in Tarriff costs as part of a wider package to bring down energy bills for all
- Reform business rates through structural reform, stronger investment incentives, and greater long-term certainty
- **Reform public-private partnerships** to unlock long-term investments in the schools, hospitals and civil infrastructure that the UK needs to grow
- **Enhance the EU-UK strategic relationship** through reciprocal youth participation schemes and undertaking joint defence initiatives, including R&D collaboration on issues such as cybersecurity and space
- **Support businesses to scale** by improving their access to finance through making it competitive for pension funds to invest in UK listed companies and other domestic assets, and by the Regulatory Innovation Office establishing competitive service level agreements between regulators and businesses
- **Strengthen the services sector** by publishing a new digital trade position with refreshed areas of focus to reflect the evolving digital world, and communicating a clear pipeline on all agreements, from Free Trade Agreements to sector-specific agreements

De-risking hiring will help ensure greater financial headroom translates into additional jobs

Increasing the financial headroom that unlocks the growth needed to fund and drive demand for jobs is important. There is also a pressing need for government to restore the confidence that businesses need to gamble on growth instead of worrying about the risk of creating an extra job that demand might not sustain long-term. Finding a workable landing zone for the Employment Rights Act (ERA), maintaining youth minimum wage rates, and delivering meaningful reform of the tribunal system are some of the ways that government can add to employers' confidence.

The negative impact of the Employment Rights Act on youth opportunities should not be understated

The Employment Rights Act (ERA)[21] represents a significant change to the employment landscape and is set to fundamentally change how businesses engage with their workers and approach daily activities, such as assigning shifts. Firms have broadly supported the principles underpinning the changes – their concern relates to how it is being implemented.

The costs that businesses are set to incur will, on their own, be a significant challenge by reducing their headroom to invest, grow and create jobs. But there is the additional problem of uncertainty attached to reforms and the risk this creates for hiring.

For example, a trend has emerged whereby each time further details of the legislation emerge, the projected cost of reform increases. Recent figures estimate that new guaranteed hours provisions will cost £2.9 billion per year,[22] which excludes the cost of lost flexibility – meaning the cost is likely to be far higher. This is significantly above the £1bn annual cost[23] previously projected for the legislation as a whole and means businesses without significant headroom in their recruitment budgets are unlikely to hire at all.

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[21] Please note that the ERA does not apply to Northern Ireland; their equivalent is the Good Jobs Bill. A recommendation for the Good Jobs Bill can be found at the end of this report.
[22] UK Government, Analysis to support public consultation on reforms to zero hours and similar contracts, August 2026. See **here.**
[23] UK Government, Employment Rights Act 2025 – Economic Analysis, January 2026. See **here.**

Implementing regulations through a partnership between government, businesses and trade unions will help

Unfortunately, many of the ERA's challenges have been locked in by primary legislation. But there are still important decisions that have not yet been made which will affect the legislation's workability for young people, workers, firms, and growth, and help employers to create the opportunities needed to bring more young people into the labour market.

Last year's agreement to reduce the ordinary unfair dismissal qualifying period to six months – and work through the unintended consequences associated with making it a 'Day 1' right – is a clear example of how tripartite discussions between government, businesses and trade unions can deliver meaningful policy change that benefits all parties and the wider economy.

But despite progress, tripartite dialogue has been notably missing from live secondary regulation consultations, meaning there is a clear risk that government will miss the opportunity to build a stronger consensus for change by repeating the mistakes made during the Act's passage through Parliament.

Moving forward, it is key that government commits to a tripartite approach to reach key decisions in the remaining ERA consultations so that all parties are required to engage with the other's concerns and positions. Lasting labour market reforms need strong foundations. Policies like the National Minimum Wage and pensions auto-enrolment have lasted while the Trade Union Act 2016 did not, because of this. Tripartite dialogue will help ensure a more workable landing zone for the ERA is reached and minimise the risk that changes pose to firms, the economy, and jobs – importantly, particularly affecting young people.

Youth opportunities can be protected and unlocked by committing to a 52-week reference period for new guaranteed hour provisions…

While it is important to reach a workable landing zone for all parts of the ERA, there are some secondary provisions which will likely have a bigger impact on young people than others. For example, young people will be disproportionately impacted by new guaranteed hours provisions, given they are one of the biggest users of zero and low-hour contracts. And many value these contracts because of the flexibility they offer.

Government has outlined its preference to make the initial reference period for guaranteed hour contracts 12 weeks. The justification is that this represents the fairest compromise between making contracts workable for business and providing additional work security as quickly as possible.

But it is hugely problematic to prioritise speed over fairness to such an extent. A new contract after 12 weeks is quicker, but such a short period of time is not a reliable basis for knowing what hours a business can offer permanently. Seasonal variations in demand mean a 12-week average will often not be representative of the hours that a business can afford to offer year-round. Many firms will respond to this problem by restricting overtime and offering fewer jobs. This risk can only be addressed by making the reference period 52 weeks.

Government knows that the best measure of sustainable hours is calculated across a year. That is why the 'subsequent' reference periods are proposed to be 52 weeks. If the initial reference period is unworkably short, then young people will not get to a position of ever qualifying for a subsequent period because the job is less likely to be offered in the first place.

…and making the low hours threshold no more than eight hours

Another important decision which will impact businesses' ability to create the opportunities needed to bring young people into the workplace is the setting of the low-hours threshold, which will help determine who is eligible to guarantee their overtime into a new contract.

A low-hours threshold of no more than eight hours would help government deliver on their commitment to tackle the exploitative use of zero hours contracts, and address the problems associated with setting the threshold higher. Businesses have been clear that the higher the threshold, the greater the risk that they will have to reduce hiring and overtime. This is because businesses have a finite amount of overtime they can offer, and they must assume that every worker could choose to accept a new guaranteed hours contract.

A higher threshold would also increase competition to permanently guarantee additional hours between workers already on relatively secure contracts and young people working fewer hours. As a result, reforms intended to strengthen security could inadvertently reduce access to overtime opportunities for many lower hour workers.

Employment Tribunals are failing to enforce workers' rights and inflating the cost to business of showing that they are complying with the law

With cases already scheduled into 2030 in some parts of the UK, backlogs in British employment tribunals are continuing to reach record-level highs[24] and failing workers and businesses in the process. Rights that can't be speedily enforced risk becoming rights on paper only. Equally, a business can be bankrupted by serious allegations of wrongdoing that hang over them for years before they have the chance to prove that they did nothing wrong. Fundamental reform of employment tribunals would be good for business, workers, and government.

These backlogs are the result of a system that has lost sight of its original purpose. The Donovan Report called for a system that was "easily accessible, informal, speedy and inexpensive".[25] Yet regrettably, the resolution of workplace disputes has become more legalistic. And while AI has the potential to help resolve disputes if used well, it is currently badly used and adds more noise than clarity to disputes.

Most of the cost to business of employment laws comes from giving rights to workers. It is less often recognised that businesses also face costs to show that they have complied with the law. Some cost is necessary to enforce the law, and businesses need a level playing field to compete fairly. But compliance costs need to be proportionate and kept to the minimum necessary. Every pound spent showing that you complied with the law is a pound that can't be spent on jobs, training, or enhancing benefits.

Delivering meaningful reform to the system for resolving workplace disputes would include:

- Greater evaluation of the merit of a claim and of the employer's defence at a much earlier stage. Parties are more likely to settle by agreement with advice they both trust about the merits of a claim;
- Giving judges greater powers to proactively manage cases to reduce the length of hearings;
- An 'offers to settle' system that focuses on avoiding prolonging disputes longer than is necessary; and
- A system of fees to ensure that the decision to bring or defend a claim is a considered choice, rather than a tactic to stall and hope the other side gives up.

[24] Ministry of Justice, Tribunal Statistics Quarterly: January to March 2026. See **here.**
[25] Royal Commission on Trade Unions and Employers' Associations 1965-1968, Cmnd, 3623.

Abolishing the youth rate risks doing more harm than good

Most employers pay young people the headline adult rate. But there are credible grounds to pay a young person less, such as the additional productivity costs incurred by a business as they support a young person to reach occupational competency. The ability to pay the youth rate can also be the difference between being able to create a job and provide the training and wraparound support that are often critical to helping young people stay in work.

The new language within the Low Pay Commission (LPC)'s remit gives them 'full flexibility to determine the pace and ultimate timing' of the removal of the age rates.[26] However, there would be benefit in government making a clearer statement that any removal of the youth rate should be conditional on a significant reduction in the NEET rate.

Given the additional cost of hiring young people is increasing, that is unlikely to be before the next election and may be never. If priority is truly being given to the employment prospects of younger workers, the gap between the age bands and the headline rate would be rising alongside youth unemployment.

It is critical that the link between the affordability of youth jobs and the headline rate is not forgotten

While the youth rate is important, the headline adult rate has an even bigger role to play in making sure that businesses can afford to create the jobs needed to bring young people into the labour market. A large portion of firms do not have a realistic option to use the youth rates as using them is too complicated to ensure compliance. Equalities legislation also means every time a business advertises a job, they need to be prepared to pay for the maximum cost of hiring (and therefore pay the National Living Wage rate). The same logic applies to the apprentice rate.

The LPC should be instructed to keep the long-term pathway of the NLW, youth and apprentice rates aligned with productivity growth in NLW paying sectors. Setting next year's NLW and NMW increases below inflation would also encourage investment in, and improve the prospects of, young people across the country.

[26] Department for Business, Innovation, Science and Trade, Letter from Peter Kyle to Low Pay Commission Remit 2026, March 2026. See **here.**

Introducing stronger checks and balances through Fit Note reform will reduce concern about the removal of 'waiting days' for sick pay

The principle behind removing the waiting period for Statutory Sick Pay (SSP), ensuring that people who are genuinely unwell receive support from day one, is a positive one.

Businesses have never opposed this principle. Their concern has been that the government has only focused on the risk of presenteeism, totally ignoring the risk of unjustified absence. Without safeguards to ensure that sickness absence was genuine, many businesses relied on the financial disincentive of 'waiting days' as the better of two flawed options. Moreover, there are growing reports from employers that sickness absence has been increasing since April when waiting days were removed, in ways that cannot always be explained by underlying health conditions, creating additional and often significant costs for businesses.

These costs matter for young people. At a time when firms are already battling rising employment costs, higher SSP costs often mean less funding available to create jobs, training opportunities, and pathways into work. In some cases, negative experiences can also undermine employer confidence in recruiting less experienced workers, including younger people entering the labour market for the first time.

Businesses have always been open to a better way of identifying justified sickness absence and the government's Fit Note reform pilots[27] could improve the situation and reduce employers' cause for concern. This should include ensuring that GPs and other professionals have the guidance and confidence to challenge requests for sickness certification where appropriate, while also strengthening expectations on both employers and workers to support a return to work from the earliest possible stage. Too often, the responsibility falls disproportionately on employers, increasing the risk of poor outcomes for both businesses and workers. For instance, people leaving the workplace.

[27] Department for Work and Pensions and Department for Health and Social Care, Fit Note Reform Release. May 2026. See **here.**

There is also a risk that businesses do not take a chance on a young person because the tax treatment of health and wellbeing services means they cannot address this barrier to work

Another risk that can stop a business from hiring is where they are concerned that they will not be able to offer the support and services that enable young people to get on, and stay in, the workplace.

It is well-established that many young people are confronted with health-related barriers that make it harder for them to participate in the labour market, and even stop them from working completely. The share of NEET young people who report having a health condition that limits their ability to work increased to 44% in 2025, up from 26% in 2015. This represents a 69% increase in ten years.[28]

Importantly, health-related barriers to work are not isolated to young people outside of work – it is increasingly impacting those in work as well. For example, a survey conducted by Young Minds found over one third (35%) of 18–24-year-olds in employment reported needing to take time off work due to poor mental health or stress.[29]

With public finances constrained, private provision can play an important role in complementing NHS provision and supporting access to health and wellbeing support. Many businesses also recognise that they have a clear role to play in helping people to access mental health and wellbeing services, which is why many firms are doing so already.

But businesses' ability to invest in this space is being held back by cost pressures and the tax system – specifically how it taxes business investment in health and wellbeing services. This has inadvertently created another risk to youth employment, because it stops businesses from being able to take a chance on a young person where they are unable to fund treatment, and access to public treatment is also limited.

Through targeted change in this space, employers' limited budgets for health and wellbeing will be able to achieve a greater impact. There are also businesses who have said that they would increase investment in preventative and reactive services for young people if it was more tax efficient to do so (**Exhibit 12**).

[28] The Health Foundation, Why are a growing number of young people who are NEET reporting work-limiting health conditions?, March 2026. See **here.**
[29] Young Minds, Mental health statistics. See **here.**

Exhibit 12. Summary of CBI health-related tax asks and their potential benefits for businesses ability to deliver services – and therefore support young people to stay in the workplace.

Make EAPs a fully tax-free benefit, including for household family members and digital self-help tools	EAPs are a cost-effective tool to tackle employee mental health issues. Some services, such as welfare counselling, are tax free. But others, such as HR advice and digital self-help tools, are taxable. Due to the confidential nature of services within EAP packages, it is impractical for employers to check what proportion of their provision is taxable – this red tape particularly acts as a barrier for small businesses wanting to invest in these services and support workforce health and wellbeing. **Fiscal cost:** £13m **GVA:** +£159m/year[30]
Remove the '28 day unfit for work' condition and scrap the £500 tax-free cap for recommended medical treatment tax relief	Currently, tax relief for treatment recommended by an occupational health specialist is only given once an employee has been declared unfit for work or has been off work for at least 28 days. This limits occupational health's role as a route to driving earlier, preventative support and disincentivises employers from intervening before conditions worsen or become chronic. In addition, the average price of treatments, particularly for musculoskeletal conditions, now exceeds the £500 tax-free limit introduced in 2015. Removing the 28-day condition and £500 cap would enable employers to intervene earlier and more cost-effectively and will increase uptake. **Fiscal cost:** £76m **GVA:** +£325m/year
Remove the 'one per employee, per tax year' tax-free limit for health screening and check-ups and include mental health risk and neurodiversity assessments	There is currently a one assessment per employee per year tax-free limit – this is a barrier for industries such as construction, agriculture and manufacturing where there are greater physical health risks, and for security and care where there are greater trauma risks, warranting more regular assessments. It also affects all employers supporting staff with disabilities or chronic pre-existing health conditions. Moreover, it is unclear for employers if screenings can include mental health risk and neurodiversity assessments, to tackle the first signs of issues before they become debilitating. **Fiscal cost:** £Unclear (due to lack of data)
Expand exemption for services provided to employees with a disability to include any employees referred by an occupational health specialist	At the moment, businesses must track private use of any equipment or services recommended by an occupational health assessment for the purposes of assisting an employee to return to work or preventing the employee from becoming unfit for work, to determine if this should be treated as partially or fully taxable. This is impractical to do, and administratively burdensome. Using aids and equipment outside of working time can be crucial to recovery. Tax relief should be aligned with the exemption granted to employees supported by the Disability Discrimination Act or the Access-to-Work programme. **Fiscal cost:** £Unclear (due to lack of data)

[30] For more information on how these figures were contacted, please **get in touch.**

Equipping young people with the skills that they need for AI can help build business confidence to hire

Artificial intelligence is developing at an unprecedented pace. While the long-term impact on occupations and career pathways remains uncertain, it is increasingly clear that AI will shape the working lives of young people across the labour market. Yet many young people continue to leave education without any clear certification of their ability to use AI tools effectively, responsibly and critically.

As AI becomes more embedded across workplaces, employers will need greater assurance that new entrants possess the foundational knowledge needed to use these technologies productively and safely. This is likely to become increasingly important as businesses seek to manage risks associated with AI adoption, including data privacy, cybersecurity, governance and the responsible use of AI-generated outputs.

Managing the risk of AI, and ensuring AI does not undermine businesses' confidence to hire, can be achieved by developing a UK AI Literacy Standard to establish a common baseline of AI knowledge, skills and behaviours across education and training.[31] Such a standard would provide employers with greater confidence that young people are entering the workforce with a consistent foundation in the safe, effective and ethical use of AI.

However, in the same way as wider skills-related reforms, it is important that any development is matched with the appropriate resource and funding for training providers and does not work against wider sector objectives. For example, recruiting and retaining staff.

[31] CBI, AI Skills Report: Building an AI-Ready Workforce, January 2026. See **here.**

Recommendations

- Re-establish a tripartite dialogue to find a landing zone for the implementation of the Employment Rights Act that can be supported by business and workers
- Protect young people's jobs by adopting a 52-week reference period and a 'low hours' threshold of no more than 8 hours in rules on guaranteed hours
- Make any removal of the youth minimum wage rate conditional on a significant reduction in the NEET rate
- Instruct the Low Pay Commission to keep the long-term pathway of both the National Living Wage (NLW) and youth National Minimum Wage (NMW) and apprentice rates aligned with productivity growth in NLW paying sectors
- Reform employment tribunals and the wider dispute resolution system to ensure that workers and employers have timely access to justice
- Use the lessons from Fit Note pilots to reverse the trend of declaring employees unfit to work without considering what adjustments would have avoided a prolonged period of absence
- Change the tax treatment of health and wellbeing services so firms are in a better position to support young people experiencing health-related barriers to work
- Ensure every young person has a good baseline understanding of AI by developing an AI Literacy Standard

Young people will only be able to seize opportunities if they have access to quality training and targeted support

Creating the conditions for businesses to grow – and to offer more entry-level jobs – has a key role to play in bringing more young people into the labour market. But as well as creating jobs, action is needed by government to reduce barriers that are stopping some young people from accessing the employment and training opportunities that businesses offer. Without tackling these barriers, the benefits of growth and job creation for young people will be limited, and high NEET levels will continue to rise. [32]

Five ‘key ingredients’ are needed to ensure that young people can seize labour market opportunities:

- Helping young people to become ‘work ready’;
- Supporting education providers to deliver quality training;
- Strengthening the apprenticeship system;
- Removing participation barriers to training and work; and
- Improving access to opportunities across the country

[32] NB: The policy asks in this chapter are focused on England-only. Suggestions for skills asks in a Wales, Scotland and Northern Ireland context can be found at the end of the report.

Helping young people to become ‘work-ready’

Transferable skills are key to young people’s labour market success

Technical skills will always be an essential prerequisite for many occupations and sectors. But transferable skills, such as communication, critical thinking and leadership, are equally important in preparing young people for the world of work. Alongside supporting success in education and everyday life, these skills help individuals work effectively with others, adapt to challenges and solve problems confidently.

As automation, the transition to a green economy and other long-term trends take shape, transferable skills will provide the foundation that enables young people to adapt to new technologies, navigate career transitions and succeed across multiple roles throughout their working lives.

This importance is reflected in our annual employer survey; aptitudes and attitudes to work ranked as the top consideration for employers navigating graduate and non-graduate recruitment (**Exhibit 13**), and a quarter of businesses expect their need for workplace skills unattached to qualifications to grow over the next 3-5 years (**Exhibit 14**). Meanwhile, fewer businesses expected their need for other qualifications (RQF 2-7) to grow over the same period.[33]

A balance needs to be struck between not overstating the problem and recognising that transferable skills gaps represent a distinct barrier to work

Not all young people have transferable skills gaps, and it is important not to overstate the problem. Many employers reported that young people arrive to the workplace with strong core skills. For example, communication, teamwork and problem-solving. Where gaps exist, they are often the product of disrupted experiences rather than any inherent difference between today's young people and previous generations. More recently, the pandemic has deprived many young people of the environments where they would have otherwise developed and refined these skillsets.

That does not mean the issue can be ignored. Transferable skills help young people navigate recruitment, engage with support, overcome setbacks and thrive in work. Where these skills are lacking, they can become a significant barrier to entering and remaining in employment. Transferable skills gaps should be recognised as a distinct barrier to work, with government and business working together to help young people develop these core foundations for success.

[33] CBI/Pertemps, Employment Trends Survey 2025. See **here.**

Exhibit 13. Top factors that businesses consider in the recruitment process by role type (Respondents asked to select up to three options for each column) (% of respondents)[34]

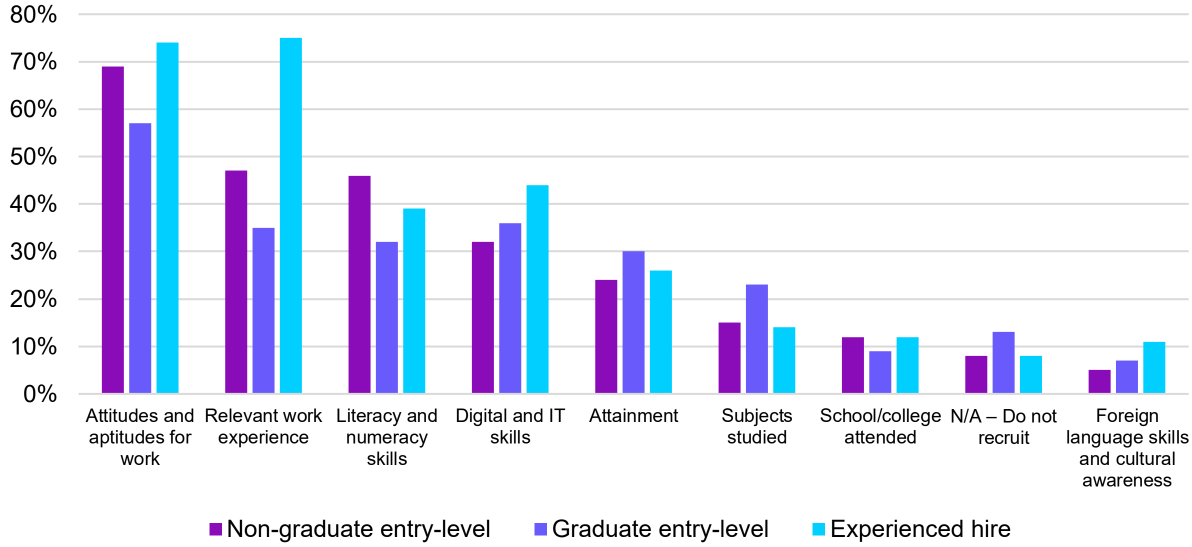
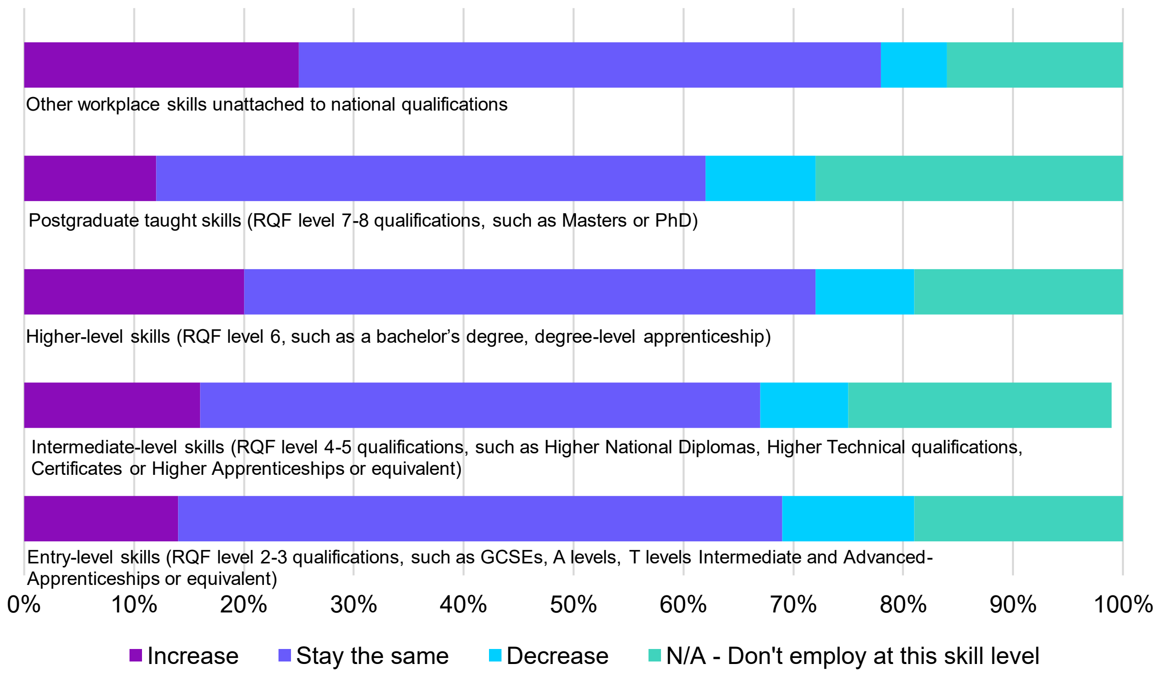


Exhibit 14. Expected change in business need for employees at different skills levels over the next 3 to 5 years (% of respondents)[35]



[34] CBI/Pertemps, Employment Trends Survey 2025. See here.
[35] CBI/Pertemps, Employment Trends Survey 2025. See here. This excludes D/K.

Strengthening transferable skills requires a broader response than training providers alone can deliver

Training providers are already working hard to develop young people's employability skills through careers support, work experience and employer engagement within the parameters set by policy. While there may be opportunities to strengthen transferable skills further, seeking to achieve this by reducing the instruction time for technical skills risks replacing one problem with another.

Ultimately, there is only so much that training providers can achieve within their allocated instruction time. And it is neither realistic nor desirable to expect them to develop every aspect of work-readiness. Preparing young people for work is a shared responsibility, with employers playing a critical role through meaningful workplace experiences that develop the skills, confidence and behaviours that underpin successful transitions into the labour market.

Mandating work experience opportunities risks misdiagnosing a growth challenge as a business prioritisation issue

Work experience is a powerful driver of social mobility and opportunity, helping young people build skills, confidence and connections in a real workplace environment. Importantly, employers want to provide more opportunities, but too often, rising costs and resource constraints limit what they can offer.

As calls grow for businesses to be required to provide work experience, it is important to recognise the root cause of the shortage. The challenge is not a lack of employer commitment to young people, but the financial and operational pressures facing firms. Mandating placements risks penalising businesses for constraints they cannot control. A shortage of work experience opportunities is not a symptom of business indifference, but of a wider growth challenge.

Targeted support could help businesses managing cost pressures to deliver more work experience opportunities

Unlocking growth and reducing the costs of doing business should be the long-term solution to expanding work experience opportunities. In the short to medium-term, however, government can support young people's journeys into the labour market by helping employers create and scale placements.

Employers highlight support for delivery costs, including wraparound and remedial support, as particularly valuable given the resources required to deliver high-quality placements.

As such, new youth incentives should be expanded to help employers with these costs, and any other costs that are acting as a blocker to these opportunities. Addressing the financial pressures holding back work experience placements is an investment at an earlier stage that significantly improves young people's chances of enjoying a successful transition into work. A possible solution could be looking at how existing budgets for careers and guidance – such as for the National Careers Service – could be used more flexibly.

Innovative approaches to work experience delivery will likely play a larger role in engaging SMEs

Tackling business cost pressures is important, but even with meaningful action, it is likely that some employers – particularly SMEs – will still struggle to scale work experience opportunities because they lack the resources and economies of scale to do so.

Supporting SMEs will therefore require approaches that build on their strengths while providing the networks and infrastructure needed to create placements. One example is hybrid work experience models, where SMEs partner with larger employers to offer placements, an approach already being piloted and scaled in parts of the UK.

Given the government's ambition to expand work experience opportunities and tackle rising NEET levels, Skills England should be commissioned to work with sector bodies to test innovative placement models tailored to the needs of different industries. However, this work should be sequenced carefully to avoid disrupting existing priorities, such as the live apprenticeship funding band review.[36]

[36] Apprenticeship funding band review commissioning letter, June 2026. See **here.**

Improved use of labour market data can help young people make informed careers decisions…

Labour market information should not be the sole factor guiding young people's career choices, but it can play an important role in helping them make informed decisions about work, training and study. Better information allows young people to understand where opportunities are available, the skills employers are looking for and how demand varies across different parts of the country. This in turn helps reduce the risk of a young person pursuing pathways that do not align with their circumstances or aspirations.

Skills England's Local Skills Dashboard[37] has improved understanding of local labour market trends, but its usefulness is limited by infrequent updates. In a labour market being reshaped by automation, the green transition and other long-term economic changes, projections can quickly become outdated, limiting their value for young people and those supporting them.

There is a strong case for harnessing technology and AI to help ensure labour market intelligence more timely, granular and forward-looking. Drawing on publicly available data, such as vacancies, job descriptions and workforce trends, could create a more dynamic picture of current demand and emerging opportunities. This would ultimately support young people to make better-informed education, training and career decisions earlier in their journey and prepare for future changes in the labour market.

However, even the most sophisticated labour market intelligence will have limited impact if people are unaware it exists. Ensuring young people, parents, carers, training providers and careers advisers know where to find, and how to use, this information will be just as important as improving the quality of the data itself.

… as well as ensure they are aware of the work experience opportunities that exist

At present, neither the National Careers Service website nor the Skills for Life platform provides a dedicated space for promoting work experience opportunities. As a result, employers and young people are often left trying to find one another through fragmented channels, creating unnecessary barriers to opportunity and participation.

Many employers and training providers have sought to address this challenge by developing their own resources and promoting opportunities through organisational websites and social media. While these efforts can be effective, a simpler and more accessible solution would be to create a centralised work experience portal on the GOV.UK website. This would make it easier for young people, parents, carers and careers advisers to identify opportunities in one place, while reducing employers' reliance on multiple channels to reach interested parties.

[37] Skills England, Local Skills Dashboard. See **here.**

But a central platform alone will not solve the problem. Its impact will be constrained unless the underlying barriers limiting the supply of work experience opportunities, particularly the cost and resource pressures facing employers, are also addressed.

AI can help people to articulate their skills needs and look to the future with confidence

Relative grading systems help employers assess academic attainment, but they can also leave some young people focused on what they have not achieved rather than the skills and capabilities they have developed. Every young person should leave education with a clear understanding of what they can do, regardless of the grades they achieve.

Digital skills transcripts could help achieve this. By bringing together qualifications, attainment and training provider feedback, they would provide a fuller picture of a young person's knowledge, skills and behaviours than grades alone. This would help young people to articulate their strengths, boost confidence in their prospects and make it easier for employers to identify competencies they value alongside formal qualifications.

To help ensure transcripts are accurate, consistent and scalable and do not add to providers' workloads, skills transcripts should be delivered through the National Careers Service. Automation (with the appropriate GDPR framework) could help streamline this process, by collecting and presenting the relevant information already held by exam boards and providers. For example, learner records, qualification specifications and grade boundaries.

There is also the potential for transcripts to be used by employability services engaging with young people for the first time, helping to strengthen careers guidance and improve young people's transitions into the workplace.

Recommendations

- Support businesses with the cost of delivering work experience opportunities
- Commission Skills England to test innovative sector-led work experience models, including SME-large employer partnerships, to help more businesses to offer work experience opportunities
- Embrace the potential of technology and AI in the design and delivery of labour market projections and overviews
- Improve awareness and use of labour market data by embedding it within careers advice, employability support and guidance frameworks to ensure it reaches young people and their wider support networks
- Establish a centralised work experience platform through GOV.UK, enabling young people, parents, carers and careers advisers to access opportunities in one place while making it easier for employers to promote placements
- Help young people to articulate their skills, knowledge and competencies by introducing a digital skills transcript through the National Careers Service

Supporting education providers to deliver quality training

Devolution has the scope to change the skills and training system for the better…

Recent devolution reforms have the potential to create a more responsive skills system, better aligned to local labour market needs and employer demand. Businesses pointed to examples where devolved decision-making has enabled tailored interventions and training programmes that would have been difficult to deliver through a national model, particularly for young people facing specific barriers to employment.

The principle of skills devolution is no longer the question – it has been proven to work in at least some circumstances. The priority is ensuring new powers are implemented in a way that delivers better outcomes for learners, employers and growth.

… if giving learners the skills employers need becomes the top priority and fragmentation is kept to a minimum

Positively, government has committed to publishing both a fiscal devolution roadmap and a white paper setting out the full package of reforms and implementation timetable. However, significant questions remain about how the new system will operate in practice and how risks will be managed during implementation.[38] These include skills funding being deprioritised in favour of competing local priorities; national employers struggling to meaningfully engage across the system; and training becoming so focused on local employers that it accidentally closes off pathways to opportunities that a young person might be perfectly suited for, but which only exist in other places.

[38] HM Government, Statement from Government. July 2026. See **here.**

To help ensure devolution delivers for young people through quality opportunities, government should coordinate a forum with officials, businesses, training providers and strategic and mayoral authorities to identify and address these risks. Ideally, this would reach consensus on the following areas:

- **Ringfence 16 to 19 and Adult Skills funding for education and training.** Clear safeguards are needed to ensure skills budgets cannot be diverted to other local priorities. While statutory participation requirements provide some protection for younger learners, stronger protections are particularly important for adult skills funding, where provision tends to be discretionary and vulnerable to competing spending pressures.
- **Establish a framework for cross-border training provision.** Young people should not lose access to education and training because they live, study or train near the boundary of a devolved area. Funding arrangements should support collaboration between authorities and ensure training providers can continue to meet learner demand across regional borders.
- **Combine local flexibility with a shared national skills foundation.** Local areas should have the flexibility to tailor provision to employer demand, but this should sit alongside a common core of skills, knowledge and behaviours that supports labour mobility and consistency across England. Devolved skills budgets should also be accompanied by sufficient flexibility to respond to changing employer demand while remaining focused on skills and workforce development objectives. The same principle should underpin the design of new technical and vocational pathways.
- **Remove regulatory barriers to delivering support and training.** Government should review how existing funding rules, accountability measures and curriculum requirements support providers' and employers' ability to respond to local labour market needs, and ensure barriers to training delivery – such as in-year funding shortfalls – are not replicated through devolved arrangements. There should be a particular focus on identifying and tackling regulatory barriers that have made it harder to deliver quality, entry-level training and remedial support that meet the needs of young people.
- **Deliver changes at pace to avoid unintended consequences.** Delivering at pace will help avoid any emerging issues being magnified at a national scale, and workforce and procurement models are sufficiently prepared to manage new responsibilities and deliver for young people. This will be a particularly important principle to carry through for the areas, such as Essex and Sussex, which are ‘priority programmes’, and not currently covered by a strategic authority.
- **Build upon existing work.** This includes the insights and partnerships generated by Local Skills Improvement Plans (LSIPs).

Government has the opportunity to address challenges that have been ignored for too long

Changes in government provide an opportunity to build on what works and address policies that are holding the system back. While recent devolution reforms have the potential to strengthen skills provision, they will not resolve every barrier affecting training providers. Several longstanding policy challenges continue to make it harder to deliver quality training opportunities for young people. The following section explores these challenges and outlines how they can be addressed so that more young people can earn, learn and thrive.

Standardising multi-year funding frameworks across skills and training programmes can help crowd-in investment from business and training providers

Assuming government distributes and ringfences 16 to 19 skills funding through integrated settlements, it will have created the foundations for multi-year funding settlements. This would be a significant step forward, giving employers and training providers the confidence to invest strategically in skills, workforce development and training capacity. By contrast, annual funding cycles often force providers to plan cautiously and limit longer-term investment.

To provide certainty and maximise the benefits of devolution, government should commit to multi-year skills funding settlements in its forthcoming fiscal devolution roadmap. The same principle should also apply to centrally managed skills budgets, including capital funding and commercial training contracts, with flexibility to retain single-year arrangements where appropriate.

Enabling regional leaders to fund Applied General Qualifications will ensure every young person has the chance to succeed

The devolution of 16 to 19 funding should include the flexibility for regional authorities to maintain funding for qualifications that are due to be defunded where there is evidence that doing so would support better outcomes for young people in their area. It is difficult to reconcile devolving responsibility for 16 to 19 provision while retaining central control over decisions that can fundamentally reshape local training pathways.

Government should therefore clarify that regional authorities can decide whether to proceed with plans to defund Applied General Qualifications (AGQs), including BTECs, based on engagement with local employers and providers. The key test should be whether credible alternative pathways are in place.

Feedback from CBI members suggests there is a risk that removing AGQs prematurely could reduce progression opportunities for some young people, particularly where alternatives remain limited. A Levels and T Levels are more academically focused, apprenticeships depend on the availability of jobs, and newer vocational pathways are yet to establish the same track record with learners and employers.

Providers' ability to deliver training is linked to receiving information in good time and having confidence that policy changes will align with training and recruitment cycles

Besides the substance of policy change, another challenge confronting training providers is the pace and predictability of its implementation. They are increasingly expected to respond to significant changes at short notice, making it harder to plan, recruit learners and deliver quality provision.

There are clear examples where this has happened. For example, recent apprenticeship defunding decisions were introduced after many training providers had already recruited learners. Separately, training providers are still awaiting key information about V Levels, despite courses being due to launch next year and recruitment beginning this autumn. While adapting policy is important, training providers need certainty and sufficient time to implement change effectively.

Government should therefore establish minimum notice periods for policy changes and commit to publish critical information by agreed dates. These timelines should be developed with employers and training providers and aligned with recruitment and curriculum cycles. Where deadlines are missed, implementation should be delayed, rather than expecting young people, training providers and employers to absorb the consequences.

For the same reason of supporting effective planning, government should also publish a roadmap outlining short to long-term plans for funding. This could easily be achieved by an infographic on the government website and would avoid businesses having to consult multiple pieces of information – and drawing different conclusions.

Training can be unlocked by giving employers and training providers' feedback greater weight when setting future funding priorities

Many of the initiatives that government has recently made – including new youth incentives – are positive and suggest that policymakers recognise the impact that rising business costs are having on opportunity creation.

But there are other areas – such as the continued lack of movement on in-year funding increases and broader budgetary pressures – which remain problematic and risk stopping them from being able to offer the opportunities needed to bring high NEET levels down.

While the devolution of funding may help address some of these challenges, it is important that employers, training providers, regional authorities and central government share a common understanding of the barriers to delivering high-quality training. These priorities should then play a central role in shaping how current and future funding for skills and young people is allocated. Moreover, this could be achieved by building on the insights that the CBI and other trade bodies have already shared or using the Labour Market Evidence Group to gather updated information (**see the end of the chapter**).

The International Student Levy must not put domestic students' places at risk

The proposed Levy on universities' international student income – combined with last year's NICs increase – is set to put universities in the same, if not a slightly worse, financial position than before government committed to increasing tuition fees in line with inflation. Universities anticipate this could result in fewer young people being able to study at a university in the UK because international fees have been used to offset the cost attached to domestic student places, which often run at a net loss.

If government is serious about broadening opportunities for young people, it is critical that government ensures that the Levy does not cut funding for domestic students at universities that rely on cross-subsidy from this income. This is likely to involve dropping the policy, at least until the wider policy changes needed to put universities on a financially sustainable footing are implemented.[39]

[39] Universities UK, Opportunity, Growth and Partnership: A Blueprint for Change. September 2024. See **here.**

Recent skills funding builds on significant funding shortfalls…

Progress on the measures outlined above is important, and government's renewed focus on the role of skills in supporting young people, businesses and growth is also welcome. The commitment to increase annual skills investment announced at last year's Autumn Budget is also a positive step. But it comes against a backdrop of historic underinvestment in the skills system.[40]

A key reason for this underinvestment is that the full social and economic value of skills investment is not always captured in government decision-making. While evaluations have routinely demonstrated the benefits of education, training and workforce development, the wider impact on productivity, employment, economic participation and living standards is often underestimated. This can make sustained investment in skills vulnerable during periods of fiscal pressure, despite its importance to long-term growth and opportunity.

… and updating government's Green Book can help ensure government departments widely recognise the importance of investing in skills

There are, of course, multiple pressures on the public finances that must be considered when making decisions about investment in skills and training. However, given the central role that skills play in driving productivity, growth and opportunity, there is a legitimate question to be asked about whether government is fully capturing the value of these investments when setting spending priorities.

One way to address this would be to update the Green Book's treatment of skills and training. While the Green Book[41] recognises the productivity benefits of skills investment, it does not fully account for its broader contribution to economic growth, labour market participation and social mobility. Nor does it fully account for the costs of failing to invest, such as higher economic inactivity, lower workforce participation and increased pressure on public services.

A more comprehensive approach would help different government departments make better-informed investment decisions and build a stronger evidence base for sustained investment in skills. This should include a clear framework for assessing the long-term impacts of skills spending, alongside a clear recognition that the effectiveness of skills policy depends not only on funding levels, but on the financial sustainability of the training providers delivering it. Without a viable training market, funding commitments alone will not translate into training opportunities or stronger youth labour market outcomes.

[40] Institute for Fiscal Studies, Annual report on education spending in England: 2025–26. See **here.**
[41] HM Treasury, Green Book: UK Government Guidance on Appraisal. See **here.**

Recommendations

- Work with employers, training providers and devolved authorities to establish a common framework for approaching skills devolution that ensures every young person can access quality opportunities within and beyond their local area
- Commit to a default of multi-year funding for national and devolved skills and employability initiatives to unlock investments from employers and training providers
- Allow devolved authorities to retain funding for AGQs, including BTECs, until credible alternative pathways are established and there is clear evidence that defunding will not harm young people's progression into learning or work
- Introduce minimum notice periods for skills reforms and require implementation timetables to align with provider recruitment and curriculum cycles, with changes delayed where information is not provided in sufficient time
- Publish an infographic on the GOV.UK website outlining how current and future funding ringfenced for skills, education and training is – or will be – spent to support training providers' ability to plan and deliver opportunities
- Target future skills funding at the barriers most limiting training opportunities for young people by giving greater weight to feedback from employers and training providers
- Ensure that the Levy on international student fees does not cut funding for domestic students at universities that rely on cross- subsidy from this income
- Update the Green Book to ensure there is a consistent approach to measuring the impact of skills and training for young people, businesses and the wider economy across local and central government, drawing the link between the training provision and the financial viability of training providers

Strengthening the apprenticeship system

Recent reforms designed to help businesses deliver more apprenticeship opportunities are positive…

Apprenticeships are a key strength of England's skills system and an effective route into work for young people. The recent decision[42] to exempt apprentices aged 24 and under from the co-investment hike is therefore encouraging, reflecting concerns raised by the CBI and others that increasing employer costs would make it harder to offer opportunities at a time of significant cost pressures.

The targeted bursary is also a positive step, helping to remove financial barriers that can discourage participation. But these gains risk being lost unless the wider challenges confronting the Apprenticeship/ Growth and Skills Levy are addressed.

… but the broader direction of travel – and zero-sum approach to funding – means government will end up hurting the young people it is trying to protect

The Growth and Skills Levy is increasingly being asked to meet too many objectives with limited funding. In response, government has sought to prioritise young people and sectors linked to the Industrial Strategy, recognising both the importance of apprenticeships as a route into work and the role of skills in driving growth.

However, reallocating funding within a fixed budget is unlikely to deliver either objective if opportunities are simply shifted rather than expanded. The combined impact of funding cuts and policy uncertainty risks cancelling out as many opportunities as are created in priority areas, limiting progress on both growth and youth employment.

The decision to defund Leadership and Management apprenticeships illustrates this challenge. Employers shared examples of these programmes helping individuals progress into management roles, while stronger line-management capability is widely recognised as an important factor in supporting young people to succeed and progress.

Similar concerns apply to proposals to restrict apprenticeship funding for older workers. Adult upskilling often creates capacity for recruitment and progression, opening entry-level opportunities for younger people. At the same time, asking employers to absorb these costs themselves overlooks the financial pressures many firms already face.

[42] Department for Work and Pensions and Department for Education, Apprenticeship and skills announcement, July 2026. See **here.**

The challenge is not deciding whether to support young people or adult learners, but recognising that the two are interconnected. Restricting access to training for one group can reduce opportunities for the other, while also undermining wider commitments to lifelong learning, social mobility and economic growth. If government wants to increase apprenticeship opportunities for young people, identifying a different way to reduce pressures on the apprenticeship budget will be key.

The only way to scale apprenticeship opportunities for young people is to increase the apprenticeship budget…

Beyond unlocking growth in the wider economy, the only way to meaningfully increase apprenticeship opportunities is to increase the size of the apprenticeship budget.

Fiscal constraints are a reality, but Levy receipts have grown alongside wages, while the apprenticeship budget has not kept pace. Publicly available data suggests that not all Levy funding is being directed towards apprenticeships, even after allocations to the Wales, Scotland and Northern Ireland are taken into account. As a result, money raised to support skills and training is not always reaching the budget intended to deliver it.

If government wants to expand apprenticeship opportunities, it must increase the apprenticeship budget. This can be achieved by allocating the full funding raised through the Levy and Immigration Skills Charge for skills. Committing to annually publishing information on how Levy receipts are allocated and spent will also be key to building young people, business and wider society’s confidence in government’s commitment to skills and apprenticeships.

… and the only way to maximise the Levy’s benefit for young people, businesses, government and growth is to make it a ‘Use it or Lose it’ incentive that allows businesses to get out what they put in

Increasing the apprenticeship budget is important, but it will not address the underlying pressures within the system. The only sustainable way to reduce the risk of future funding cuts, restore employer confidence and ensure one employer's training activity does not come at the expense of another’s is through meaningful reform of the Growth and Skills Levy. At its core, this means giving businesses confidence that they can access and invest the funds they pay into the system.

Fiscal pressures should not be used as a reason to delay reform. If anything, they make reform more urgent. Rising business costs mean there is limited scope for employers to absorb higher Levy contributions, while growing demand for training will place further pressure on available funding.

Governments cannot continue to say that the Levy is about challenging employers to invest in the skills their business needs, while each government micromanages scheme rules to suit their own priorities. Where Conservative governments prioritised apprenticeship routes to higher level skills and occupations that previously only had academic entry routes, Labour wants to see more lower-level apprenticeships for young people.

Both approaches undermine business confidence that they can make long-term investments that rely on a stable levy policy. Publishing a clear long-term strategy for Levy reform is therefore essential to ensuring the system remains sustainable, delivers value for employers and supports investment in skills.

Other policy levers can be pulled which would help more young people to access and complete apprenticeships

The overarching challenge confronting apprenticeships in England is that they are trying to ration training, as opposed to making the necessary increases in the apprenticeship budget needed to unlock opportunities for young people.

However, the fiscal pressures on government mean there is a good chance that the scale of reform needed to deliver meaningful change – and finance non-Levy payers' provision from outside of Levy paying businesses' accounts – will take time. In the interim, there are still steps that government can take which would help improve the quality and quantity of programmes, behind the biggest challenge to apprenticeship creation (stunted growth).

Apprenticeship funding bands should be updated to reflect the full cost of delivery

Government's decision to commission a review of apprenticeship funding bands is welcome and reflects longstanding concerns that current funding levels are constraining apprenticeship opportunities. However, the review appears intended as a one-off exercise and does not address the underlying issue: funding bands do not reflect the full cost of delivering apprenticeships or keep pace with rising costs over time.

To ensure funding bands support apprenticeship delivery, government should broaden the range of eligible delivery costs they reflect. Apprenticeships generate costs beyond training and assessment, including software, equipment, pastoral support and other forms of wraparound provision. Excluding these costs does not remove them; it simply leaves employers and training providers having to find new ways to absorb them, which is becoming increasingly difficult due to rising business costs.

Government should also introduce an automatic mechanism to uprate funding bands in line with inflation and review the current £27,000 funding cap. Without this, the real value of funding bands will continue to erode, making apprenticeships harder to deliver and limiting future opportunities.

Ultimately, the pressure on funding bands stems from wider pressure on the apprenticeship budget, reinforcing the need for meaningful Levy reform. As wages rise, Levy receipts also increase. Reinvesting this additional revenue into apprenticeships would help protect course viability and ensure funding keeps pace with delivery costs over time.

Businesses need flexible apprenticeship standards that they can tailor to their specific needs

The requirement for employers to deliver 100% of an apprenticeship standard means that even small differences in skills needs can require the creation of an entirely new standard. Where employers decide not to pursue this route, apprentices may miss out on skills that are relevant to their role. Neither outcome serves learners, employers or economic growth well.

The basis for standards should be updated to acknowledge that “fully competent” is different in every business as it involves knowing company-specific processes as well as common skills. Standards should focus on what needs different businesses have in common, allowing space within apprenticeships to meet company specific needs. This would reduce unnecessary duplication, simplify a system that now contains more than 650 standards, and ensure apprenticeships remain relevant to a wider range of employers and occupations.

There is scope to reduce the regulatory burden on training providers while still protecting and incentivising quality delivery

Apprenticeship regulation can impose significant costs, often amounting to hundreds of thousands of pounds each year. These costs arise from various activities, such as regulatory reporting, internal and external audits, maintaining learner and employer records, and engaging specialist compliance support. There is therefore a strong case to explore how quality assurance requirements can be delivered in a way that is more proportionate, efficient and cost-effective.

Better data-sharing between government departments and regulators could help reduce duplication by limiting the need for providers to submit the same information multiple times. However, if government wants providers to devote more time and resources to delivering quality training, it should also work with the sector to streamline assurance processes and ensure that regulatory requirements are proportionate to the risks they are intended to manage. This could involve trialling innovative models that reward quality training provision by reducing the frequency of reporting, or the volume of information, that training providers must submit in between formal reviews and audits.

English and maths should be strongly encouraged, but not become a barrier to gaining other qualifications that support career progression

Every year, around one third of young people fail their GCSE (Level 2) English and maths qualifications. Businesses have broadly supported the principle of young people having a second chance to pass these qualifications.

The challenge is that the barriers posed by not having (a) Level 2 English and/or maths qualification(s) are higher for an apprentice than for a young person the same age on a different training programme. This is because to complete their apprenticeship, an apprentice aged 16 to 18 must ‘pass’ a Level 2 qualification in both English and maths – this requirement does not apply to a young person taking another qualification.

As a result, young apprentices can face unfair and disproportionate blockers to progression – which sometimes results in them withdrawing from the apprenticeship altogether. It also sends the message that apprenticeships are the wrong route for lower-attaining students, which undermines government’s broader opportunity and social mobility agenda.

Government should therefore explore ways to strike a better balance between maintaining standards and removing unnecessary blockers to progression in the development of Level 2 reforms (including the design of the Foundational and Occupational pathways).[43] Given that some young people will find it easier to apply their skills in workplace settings, this could be an opportunity to work with exam boards and trial innovative and cost-effective ways of assessing functional literacy and numeracy skills.

Recommendations

- Publish annual accounts about how much Levy is raised, allocated and spent
- Allocate the full funding raised through the Growth & Skills Levy and Immigration Skills Charge to skills
- Deliver a Growth and Skills Levy reform roadmap which restores its ‘Use it Lose it’ purpose
- Update apprenticeship funding bands to reflect the actual cost of delivery by updating the list of eligible costs that underpin their calculation; annually uplifting funding bands; and raising the maximum funding band above its current level (£27,000) to reflect these costs
- Refocus apprenticeship standards on shared employer needs for each occupation, leaving space within each apprenticeship to respond to the different needs of each company
- Prioritise the reduction of the regulatory burden and reward businesses for quality apprenticeship delivery
- Promote English and maths standards while ensuring that they do not become a barrier to gaining other qualifications that support career progression

[43] Department for Education, Post-16 level 3 and below pathways: Government consultation response, March 2026. See here.

Removing participation barriers to training and work

Strengthening access to caseworker support across government's employability services could help more young people overcome barriers to work

In the same way as young people in work, young people out of work have various needs and characteristics. For many of these young people, access to specialist support is vital and determines whether interventions to support young people into the labour market are successful or not.

Government has shown it recognises this importance in many of their policy decisions. This includes the delivery of the Individual Placement and Support (IPS) model to help people with mental health conditions into work. It is also partially reflected in the remit of work coaches, who often connect candidates with more specialist support.

However, the reality is that access to – and knowledge of – services and support remain patchy and could be strengthened by making certain changes to the design and layout of government's employability services. This includes embedding caseworker support across different employability touchpoints (including the National Careers Service) and integrating a general triage service on the GOV.UK website, where a caseworker can connect an individual to the right information and support needed to transition into the labour market.

Tackling the remaining financial disincentives to participating in training should support more young people into the labour market…

Government's recent bursary announcement is an important signal of intent of it's belief young people should not be penalised for participating in training. This is important.

However, the announcement was narrowly focused on apprenticeships; it has not tackled other policies that mean young people studying other qualifications would face negative financial implications because of their decision to study.

For example, under the prevailing carers' 21 hour rule, an unpaid carer is not eligible for Carers Allowance if they study for 21 hours or more per week, even when they meet all of the other eligibility criteria.[44] This makes it incredibly challenging for young carers to complete full-time qualifications, such as T Levels.

[44] Further information can be found **here.**

Therefore, government should build on the recent bursary announcement and remove financial training disincentives that can stop young people participating in training, beginning with the Carers 21 rule. This will ultimately be key to ensuring that the full range of study routes are available to every young person – a foundational principle to government's social mobility and equality agenda.

… and removing the blockers that stop businesses from contributing towards the cost of training where they are able to do so would be beneficial as well

The Lifelong Learning Entitlement (LLE) rightly challenges full-time learning as the default module of learning and has the potential to positively transform young people's ability to participate in training and support government's wider social mobility agenda.

But the reality is that the assumption of debt will continue to be a big barrier for young people who, like working-age adults, are navigating broader cost of living pressures. This means the upgrade and diversification of training delivery frameworks will not necessarily result in higher levels of participation – particularly across young people from lower socio-economic backgrounds.

Broader cost pressures have set a hard ceiling on what businesses can invest in this space, and without tackling the cost, businesses' ability to contribute will remain mixed at best, and limited at worst. But one way to ensure that businesses who can contribute to higher education costs are able to do so is integrating a co-funding mechanism into the design of the LLE. At present, there has been no sign that government intends to do this.

A job is not the only example of a positive training outcome – it is vital that barriers to entrepreneurship are removed

In conversations about supporting young people into work, it is easy to assume that the end goal is an employer taking a chance on a young person by offering them a job. But this would be a mistake and ignores the benefits of – and many young people's interest in – self-employment and creating their own business.

Entrepreneurialism must be nurtured to tackle rising NEET levels. Those that have started their own business report that one of the biggest barriers they faced was that there were multiple pots of funding available for start-ups. Financial support and guidance should be consolidated in one place on the GOV.UK website, with a consistent approach to how entrepreneurs are funded.

Recommendations

- Embed caseworker support across government's employability services
- Remove remaining financial disincentives confronting young people and their ability to participate in training, beginning with the removal of the 'Carers 21' rule
- Introduce a business co-funding mechanism into the LLE to help businesses contribute to the cost of higher education training where they can do so
- Strengthen support for young entrepreneurs by consolidating financial support and guidance in one place on the GOV.UK website

Improving access to opportunities across the country

Delivering opportunities across every postcode will require a clear outline of who is responsible for delivering what…

As set out earlier in this chapter, devolution can play a positive and practical role in improving England’s skills and training system. By bringing decision-making closer to local economies, mayors and combined authorities can help ensure provision is better aligned with employer demand, regional growth priorities and the needs of young people. Done well, devolution should make the system more responsive, accessible and accountable for businesses across the economy.

But there is a growing risk that the system becomes increasingly challenging to engage with, creating confusion about where accountability sits, and who is responsible for delivering what. This complexity is not necessarily a reason to slow progress. But it underlines the need for clearer roles, stronger coordination and better join-up between local, regional and national partners.

A taxonomy could address this gap. And to maximise its usefulness, it should break down:

- A summary of skills, training and employment initiatives available to businesses and learners across the UK;
- A geographical map of the skills and employability actors across the UK; and
- A diagram of the relationship between different skills and employability actors, and where the responsibility for individual support and services sits.

Moreover, to make the taxonomy a practical document for businesses navigating the skills system, it should also include point-of-contacts details for the relevant institutions.

… and a better understanding of what works – and what doesn't

Skills policy is devolved, and employment policy is largely devolved in Northern Ireland, enabling governments to tailor support to local labour market needs. However, many labour market challenges transcend borders. Youth employment, labour shortages and workforce participation are shared issues across the UK, creating a strong case for greater collaboration to identify effective interventions, learn from different approaches and avoid repeating unsuccessful policies.

To support this, the Labour Market Evidence Group (LMEG) should be tasked with systematically gathering, evaluating and disseminating evidence on the effectiveness of youth and employability initiatives across all four nations of the UK, including those designed to support young people into training and work, where their effectiveness is poorly understood. This should encompass both government-led programmes and employer-led initiatives delivered in partnership with training providers, education institutions and other organisations.

By serving as a UK-wide centre of expertise (and therefore embracing the insights and expertise of equivalent bodies in Wales, Scotland and Northern Ireland), the LMEG could help identify what works, support the adoption of successful approaches, and strengthen coordination on shared labour market challenges. In doing so, it would also support greater policy alignment where it adds value, while fully respecting the autonomy of devolved governments to set their own priorities and policies.

To date, policy review has been driven by ministers in sponsoring departments. Making it the default for new policies, and where there is an evidence gap for rolling ones, would help maximise public budgets and further the objective of understanding what works and what doesn't.

Strengthening employer engagement will also help to build a better picture of how polices and intervention are playing out on the ground

Given the size of the youth employment challenge and the reality that labour market challenges extend far beyond youth employment, the LMEG should also establish a formal mechanism for ongoing business engagement. This should serve as the primary route through which employers can share their experiences of labour market policies and emerging workforce challenges, with the LMEG responsible for communicating this intelligence to relevant government departments.

To minimise burdens on businesses, engagement should combine structured input from representative trade bodies, which can provide sector-wide insight, with accessible digital channels that enable organisations of all sizes to contribute. This would create a stronger feedback loop between employers and policymakers, ensuring labour market policy is grounded in real-world experience and better equipped to deliver positive outcomes for young people, employers and the wider economy.

Recommendations

- Publish a taxonomy of the UK skills and employability system which clearly outlines where responsibilities for different objectives and services sit
- Capitalise on the innovation in devolution by commissioning the Labour Market Evidence Group (LMEG) with gathering and disseminating evidence on the effectiveness of youth and employability initiatives
- Establish a formal mechanism for ongoing business engagement on labour market issues via the Labour Market Evidence Group (LMEG)

Annex 1. Devolved considerations

Due to skills being devolved across Wales, Scotland and Northern Ireland, and employment law being devolved in Northern Ireland, there are considerations in this report which will apply differently in these contexts.

Exhibit 15. Summary of policy asks for Wales, Scotland and Northern Ireland.

Policy area	Applies to	Summary of ask
Apprenticeship Levy[45]	All	Funding raised via the Apprenticeship Levy and allocated to Scotland, Wales and Northern Ireland via the Barnett formula should be ringfenced for skills and training. This should be supported by full transparency around how much funding is raised via the Barnett formula for each area, and subsequently how that funding is spent. There is also an interest in exploring mechanisms for further flexibility.
Apprenticeship system	Scotland[46]	Strengthen employer voice and leadership in the system by giving businesses a more meaningful role in the Apprenticeship Committee, replacing the loss of the Scottish Apprenticeship Advisory Board, and ensuring employer insight shapes apprenticeships, work-based learning and skills pathways.
Childcare and labour market participation		Expand funded childcare from nine months old, with a sustainable funding model, to help more parents return to work and increase labour supply.
Skills system reform		Introduce a single Scottish Skills Strategy aligned to economic priorities, with stronger employer involvement and clearer accountability.
Employability and work readiness		Embed employability, communication and workplace skills within schools and colleges, and create pathways for experienced workers to retrain as trainers and assessors.
Lifelong learning and reskilling		Introduce a Skills Wallet, support modular and flexible training, rebuild links between education providers and employers, and strengthen careers guidance.

[45] NB: This has been referred to as the Growth and Skills Levy in earlier chapters to reflect policy developments in England.
[46] CBI Scotland 2026 Business Manifesto, January 2026. See here.

Welsh Industrial Strategy	Wales[47]	Develop a Welsh Industrial Strategy aligned with UK industrial policy to coordinate action on skills, infrastructure, energy, innovation and growth.
Regional skills planning		Strengthen Regional Skills Partnerships so training provision better reflects local labour market demand and growth sectors.
Youth employment and transitions into work		Expand paid placements, improve careers support, strengthen pathways for NEET young people and integrate mental health support with employment initiatives.
Women, childcare and participation		Improve childcare support, flexible working and progression into STEM sectors to increase workforce participation and access to higher-productivity jobs.
Employment Rights Bill	Northern Ireland	The Northern Ireland Assembly should incorporate the lessons learned from the Employment Rights Act's passage through Parliament and deliver tripartite dialogues to address the unintended consequences that the Bill poses to young people, businesses and growth.
Higher Education and Further Education sectors		Develop an adequate funding model for the higher and further education sectors to ensure continued investment in our future workforce. This would support long-term economic growth, help retain skilled talent in Northern Ireland, and promote greater social mobility and economic inclusion.
Labour mobility	Northern Ireland / Republic of Ireland (All-island)	Collaborate to remove barriers to cross-border working on the island of Ireland, including taxation complexity and visa mobility restrictions.[48]
Future skills and workforce development		Restore the all-island Expert Group on Future Skills, align qualifications and course content, and strengthen talent attraction across the island.

[47] CBI Wales: Business Manifesto 2026. See **here.**
[48] Full recommendations in the CBI/IBEC All-Island Labour Mobility report. July 2026. See **here**.

Annex 2. Business case studies

Training providers Colleges, Independent Training Providers (ITPs) and universities all play an instrumental role in helping young people prepare for the world of work through the services, training and support that they offer. This regularly goes above and beyond their statutory obligations and seeks to rectify challenges that may have emerged before the young person entered the training provider's doors.	**Anglia Ruskin University, Level 4 Construction Quantity Surveying Senior Technician Apprenticeship**	In response to the emerging skills gaps in construction and the demand for jobs in the region, Anglia Ruskin University has worked with employers to deliver an apprenticeship (RQF 4) programme that supports young people to become surveyors. This has been particularly valuable to support young people in the local area to access these careers using their prior qualifications and attainment. The majority of young people who study the course have progressed into study and work, progressing onto the degree apprenticeship and securing promotions in the workplace, having built a range of skills – including commercial, procurement and project management – as part of both programmes. Presently, there are 135 degree apprentices across Chelmsford and Peterborough, with more young people due to begin the apprenticeship next year.
	Bath Spa University, Click Start in Creative Digital Skills Programme	Bath Spa University's Click Start in Creative Digital Skills programme was developed to help young people aged 18-30 gain the skills needed to enter creative and technology-based careers. Delivered as part of the national Institute of Coding programme and funded by Nominet, the training focused on digital marketing, UI/UX design and web development, helping participants build practical skills, confidence and professional portfolios. In total, the programme has supported 343 learners and delivered strong outcomes, with more than 60% successfully progressing into new careers. A total of 227 learners progressed into employment, further education or volunteering, including 122 who secured roles in digital and technology sectors. The University attributes the success of the initiative to how training delivery was approached. This includes offering remote and hybrid learning options (which have helped remove participation barriers for young people who could not commit to in-person study) and opportunities to attend networking and celebration events. The latter enabled participants to connect with employers, build professional networks and gain exposure to career opportunities within the digital and technology sectors.
	Birmingham Metropolitan College, Sector-Based Work Academy Programmes (SWAPs)	Birmingham Metropolitan College has used SWAPs to help young people transition into a career in education. Through a tailored pre-employment programme, participants gain an understanding of the Teaching Assistant role and foundational training in areas such as equality and diversity, school procedures, working in a learning environment, teamworking and interview skills. As a result of participation in the scheme, 11 participants were employed by the college, while those who were not recruited were supported to access alternative training and employment opportunities.

Catch, Employer-led Pathways into Energy, Engineering and Manufacturing Roles	Operating at the heart of one of the UK's largest energy, engineering and manufacturing clusters for more than 25 years, CATCH has helped young people access careers in the Humber's industrial sectors by combining early employer engagement, practical skills development and clear routes into employment. Recognising that apprenticeships alone are not enough to support young people into work, CATCH provides support at every stage of the journey into work. Their employer-led model includes Trade Taster Days, school outreach, employability workshops, careers events, CV and interview support, and targeted programmes such as Women into Welding, which helps young women gain hands-on experience of technical careers. Partnerships with organisations including the ECITB, IChemE and local schools provide additional routes into industry, while apprenticeship and qualification programmes offer progression from Level 2 to Level 5. Moreover, their model is delivered through close collaboration with employers, schools, colleges and universities, supported by industry-standard facilities including a live process plant, control room and specialist engineering workshops. Today, CATCH supports around 360 apprentices and receives more than 600 apprenticeship applications annually. Its ECITB welding scholarship programme has achieved a 100% progression rate into apprenticeships or employment. By connecting industry, education and young people from an early stage, CATCH is helping build a stronger talent pipeline while ensuring local employers can access the skilled workforce needed to support future growth and industrial investment.
First Intuition, Supported Transitions into Accountancy Careers	First Intuition (FI) has developed a structured approach to help young people make a successful transition from education into professional accountancy careers. Support begins before formal training through resources introducing workplace communication, professional behaviours, confidence, time management and balancing employment with study. Once their programme begins, apprentices combine technical accountancy education with practical workplace development, supported by specialist tutors and a dedicated skills coach. Regular progress reviews bring together the apprentice, employer and FI to identify support needs and agree development objectives. This support and employer-led approach ensure training reflects both the apprentice's role and changing workplace needs, including digital, advisory and interpersonal skills. It also provides a clear pathway from entry-level training to higher qualifications and long-term employment. FI currently supports 5,596 apprentices, 70% of whom were under 25 when they began. Among apprentices completing in 2025/26, 87.6% remained with their employer, demonstrating how structured training can support sustained professional careers.

Gower College Swansea, Transition and Engagement Programme	Gower College Swansea has developed an innovative Transition and Engagement Programme to support young people at risk of disengaging from education and becoming NEET. Initially, established through a £100,000 partnership with the City & Guilds Foundation, the programme was designed in response to growing concerns about the impact of the pandemic on young people's engagement, confidence and readiness for learning. The initiative aimed to support up to 250 learners in Year 11 at risk of dropping out of education, helping them overcome barriers, raise aspirations and progress into further education, apprenticeships and employment. The programme provides targeted engagement and personalised support to young people who have disengaged from, or are at risk of leaving, full-time education. Alongside regular support sessions, the College introduced Career Bootcamps to broaden learners' understanding of progression pathways and employment opportunities, while a two-week Summer Programme helped young people remain engaged during the critical transition from school into further education. Together, these interventions have helped to build participants' confidence, strengthen skills and participate in learning. Indeed, these interventions in (24/25) led to 82% of young people involved enrolling and successfully completing a full-time education programme. The College attributes the success of the model to three key factors: intervening early when learners begin to disengage, providing personalised support to address individual barriers, and maintaining a clear focus on progression into education, apprenticeships and employment. The programme subsequently secured additional funding, demonstrating both its effectiveness and potential for wider replication across Wales.
Learning Curve Group and Currys, Urban Driver Apprenticeship programme	Currys and Learning Curve Group have partnered to launch a national Urban Driver Apprenticeship programme aimed at tackling workforce shortages in the logistics sector while creating new routes into employment. Open to a wide range of learners, including young people who are NEET, the 10-month programme combines on-the-job training, online learning and practical driver training, leading to a recognised qualification and the opportunity to gain a Category C licence. The initiative was developed in response to a long-standing shortage of qualified LGV drivers and seeks to build a sustainable talent pipeline for the industry. With 130 apprenticeship vacancies available across multiple UK locations, the programme demonstrates how employers can address skills shortages while providing young people with a clear pathway into skilled employment and long-term careers in logistics.

Runshaw College, Supported Internship Programme for young people with an Education, Health and Care Plan (EHCP)	Alongside their wider support for young people with Special Educational Needs and Disabilities (SEND), Runshaw College launched a Supported Internship Programme in 2021 in partnership with Progress Housing Group to support young people with an Education, Health and Care Plan (EHCP) into employment. Interns complete three structured 10-week workplace rotations, complemented by job coaching, personalised support, follow-on support and enrichment activities such as first aid training and sign language. Progress Housing Group has a significant influence on curriculum design and delivery, ensuring that training is relevant, practical and aligned with industry needs. Parents and carers are also involved. The programme includes three employment planning meetings, attended by parents or carers, the teacher, employability coach and departmental manager. During these meetings, the intern presents their progress and receives constructive feedback on how they can develop. Furthermore, the programme is part of a wider partnership governed through a Steering Group. Membership includes Runshaw College, Progress Housing Group, DFN Project SEARCH, Lancashire County Council, South Ribble Borough Council and the Department for Work and Pensions. They meet five times per year to discuss the programme's progress and development. Since its introduction, the programme has helped young people progress into employment across sectors including retail, customer service, catering, security and digital services.

Sheffield College, Reverse Recruitment Model	Sheffield College, South Yorkshire Regional Education and Careers Team and local employers developed a reverse recruitment model to help young people overcome common barriers to employment, including limited work experience, low confidence and unfamiliarity with recruitment processes. Rather than relying on traditional application forms, the model focuses on identifying potential through attitude, values and transferable skills, while providing young people with direct access to employment opportunities and greater insight into careers in health and social care. The programme begins with sector insight sessions led by health and social care professionals, helping students understand available career pathways. Interested learners then receive targeted careers support, including CV development, mock interviews and help articulating their transferable skills. Participants are subsequently matched with employers who have live vacancies and offered a guaranteed interview, enabling employers to assess candidates on their potential and motivation rather than prior experience. Students who secure job offers receive further support from the College's Careers Team to navigate recruitment and onboarding processes. Since 2023, the initiative has supported more than 50 young people into positive destinations, while helping employers fill vacancies and access a broader talent pool. The programme was also recognised as Highly Commended in the Innovation category at the 2025 Educate North Awards.
University of Reading, Industrial Advisory Board	The UK food and drink system employs 4.1 million people, making it one of the country's largest sectors. However, employers continue to report skills shortages in specialist roles, while many young people remain unaware of the range of careers available. The University of Reading's BSc Food Science with Industrial Training programme helps address this challenge by supporting young people into rewarding careers in the sector. Employer engagement is embedded throughout the programme. An Industrial Advisory Board, established more than 50 years ago, helps co-design the curriculum, employability provision and placement opportunities, ensuring learning remains aligned with workforce needs. Students engage directly with employers through guest lectures, networking events, industry projects and the annual Food Industry Symposium, building professional networks and workplace readiness. A year-long paid industrial placement provides valuable workplace experience and can lead directly to employment opportunities. Students also benefit from access to industry-standard facilities and specialist technologies. The programme has delivered strong outcomes, with 100% of graduates between 2021 and 2023 progressing into full-time, highly skilled employment. Its success demonstrates the value of sustained employer engagement and co-designed provision in helping young people make successful transitions into work.

Employers Training providers alone cannot solve the NEET crisis – employers are ultimately responsible for creating the jobs and work experience opportunities needed to bring young people into work. Despite challenging economic headwinds, many employers are creating these opportunities and supporting young people into the labour market. In the way as for the other headings, these are a few examples.	**Accenture, Regenerative AI Initiative**	Accenture's *Regenerative AI* initiative has reached more than one million people across the UK, helping individuals develop digital and AI skills needed to access work, services and opportunities in an increasingly digital economy. The programme focuses on supporting those most at risk of exclusion, including young people, jobseekers, career changers and underserved communities. Working with partners including Movement to Work, Stay Nimble, Tech She Can and Good Things Foundation, Accenture has provided access to devices, connectivity, digital learning and AI training. Support includes career coaching, employability skills development and practical guidance on using AI tools for job searching and everyday tasks. The initiative forms part of Accenture's wider commitment to improving digital inclusion and helping more people participate confidently in an AI-enabled labour market.
	Amazon, Supported Internship Programme	Amazon's Supported Internship programme was established to help young people aged 18-24 with an Education, Health and Care (EHC) plan overcome barriers to employment and progress into sustained work. Delivered in partnership with DFN Project SEARCH, colleges, local authorities and specialist charities, the programme combines classroom learning with a year-long placement in a real workplace, enabling participants to build practical skills, confidence and independence. Interns are embedded in genuine workplace roles and supported by specialist job coaches throughout the programme. Recognising that sustained employment depends on more than technical skills alone, Amazon embedded employability support into the internship, which is focused on workplace readiness, travel training, budgeting and independent living skills. Financial barriers to participation are addressed through bursaries that help cover travel and lunch costs. Since launching in 2021 with partner DFN Project SEARCH, Amazon has supported almost 300 young people through the programme across 25 UK sites, making it the largest private sector provider of Supported Internships in the country. More than 80% of Amazon's Supported Internship graduates move into permanent employment, with 74% employed directly by Amazon.

Arc Hospitality Recruitment, Youth Employability and Training Support	At the heart of Arc's approach is a model that combines recognised training, specialist skills development, practical workplace experience and direct routes into employment. Every new Team Member is enrolled onto a comprehensive training programme delivered through Mapal Flow Learning, providing industry-recognised qualifications in Health & Safety, Food Safety, Allergen Awareness and COSHH. More than 11,600 Team Members have completed key training modules, with over 95% completing core certifications. These qualifications are complemented by hands-on experience in hospitality environments, enabling individuals to build confidence, develop workplace behaviours and gain tangible evidence of their skills for future employers. Arc also invests in specialist development opportunities that help Team Members broaden their skills and access a wider range of roles. Since 2021, more than 800 individuals have completed the company's VIP Hospitality Training Programme, developing expertise in areas such as luxury customer service, wine and drinks service, VIP guest etiquette, professional presentation, discretion and brand representation. A further 198 Team Members have completed Barista Training, gaining technical skills in coffee preparation, machine operation, service standards, organisation and customer engagement. Team Members are paid to undertake this training. Arc also works with partners including Restart and The Forward Trust to create accessible pathways into work for people who are unemployed, NEET or returning to the labour market. Through a structured approach combining recruitment support, onboarding, e-learning and ongoing engagement, more than 100 candidates participated in recruitment opportunities at Dreamland in Margate across the 2025/26 seasons, with 45 progressing into work.
Capita, Work Experience Programmes	Capita's approach to youth employment is built on the understanding that young people face different barriers to entering the workplace, from limited exposure to careers and low confidence through to additional support needs. Rather than relying on a single intervention, we provide a range of pathways designed to meet young people at different stages of their journey. One example is their virtual work experience programme delivered in partnership with Futures for All. Designed to widen access to meaningful work experience by removing geographical and accessibility barriers, the programme brought together colleagues from across Capita to provide careers insight, employability workshops, business challenges and collaborative project work. Across three cohorts this year, 167 young people participated. 98% of participants said the experience met their expectations, and 95% reported increased confidence in achieving their future career ambitions. Alongside this, Capita partnered with Vision West Nottinghamshire College and Entrust Outdoor Education to deliver the Insightful Futures Programme for young people with Special Educational Needs and Disabilities (SEND). It supported 14 learners aged 16 to 19, of whom 79% disclosed a disability, neurodivergent condition, learning difficulty or mental health condition, while 50% had never previously participated in work experience or workplace insight activities. Post-programme evaluation showed that 90% felt more confident, or somewhat more confident, about securing employment in the future, alongside improvements in workplace awareness, teamwork and communication skills.

Manchester Airports Group (MAG), Level 3 Airport Operations Apprenticeship	Manchester Airport and Trafford & Stockport College Group (TSCG) developed the apprenticeship to build a pipeline of future aviation leaders and help young people access careers in the sector. Promoted through local schools and colleges, the two-year programme combined classroom learning with operational placements across terminal operations, airfield safety, ground handling and runway management, giving apprentices exposure to a range of aviation careers. A key feature of the programme was its rotational placement model, which provided meaningful responsibilities and hands-on experience across different parts of the airport. This helped apprentices build confidence, develop sector-specific skills and gain a broader understanding of career pathways within aviation. Participants reported that the programme broadened their understanding of aviation careers and helped them build the confidence and experience needed to enter the sector, which they lacked before starting the programme. The programme delivered strong employment outcomes, with many learners progressing into roles such as Safety and Compliance Officer, Airfield Operations Support Officer and Airfield Planning Assistant. MAG attributes its success to a close partnership with the college and a curriculum aligned to industry needs, supported by tutor placements at the airport to keep teaching aligned with current operational practice. While some apprentices initially faced challenges balancing study with operational responsibilities and shift work, dedicated support from tutors and managers helped them overcome these barriers.
McDonald’s, Work Experience Programme	As one of the UK's largest private sector employers of young people, McDonald's recently launched a new in-person paid work experience programme – the biggest of its kind in the UK – to help even more young people to kickstart their careers. The Work Experience Programme will help more young people gain meaningful exposure to the workplace at a time when nearly one million young people are not in education, employment or training (NEET) in the UK. The five-day work experience placement, for those aged 16 to 19, will be facilitated by local McDonald’s Franchisees and offers participants hands-on experience in key restaurant operations to learn how a business functions. These include service, food production and customer interactions, with support provided by an experienced restaurant team member throughout. Participants will develop a range of employability skills, including communication, teamwork, leadership, planning and problem-solving. They will also build their knowledge on interview techniques, writing CVs and applications, and time management skills to fully prepare them for entering the world of work. McDonald's also has a target for 25% of placements to be offered to young people who are NEET, or at risk of becoming NEET, helping to target opportunities at those facing the greatest barriers to work.

National Grid, 'Power Within' Employability Fund	National Grid has launched a £5 million Power Within Employability Fund to support 5,000 young people who are not in education, employment or training (NEET) over the next five years. The initiative will help around 1,000 young people each year gain the skills, qualifications and confidence needed to enter sustainable employment, particularly in the energy, infrastructure and construction sectors. The programme will provide practical employability support, including industry-recognised qualifications, one-to-one coaching, job-readiness training, help overcoming barriers such as transport challenges, and direct links to employers across National Grid and its supply chain. The fund is designed to help address growing skills shortages in sectors critical to the UK's economic growth and clean energy ambitions.
Northern Ireland (NI) Water, Entry Level Academy	NI Water has addressed future recruitment challenges through its award-winning Entry Level Academy, a strategic "grow your own talent" programme designed to build a sustainable pipeline of skilled young people. Anticipating significant workforce retirements over the next decade, NIW aligned talent development with its long-term business strategy, making people development one of its core organisational priorities. Since launching in 2019 with just five apprentices, the Academy has grown to 176 apprentices, higher-level apprentices and graduates across 12 business areas, including Water Utilities, Engineering, Science, IT, Finance, Procurement, Energy and Business Analytics. Participants are employed in permanent roles from day one and work towards accredited qualifications while gaining practical experience through rotational placements. The programme has delivered strong outcomes for both participants and the business. Entry-level recruits now represent around 12% of NI Water's workforce, helping to address skills shortages and support future succession planning. Demand is high, with 750 applications received for just 27 positions for the 2026 intake, demonstrating strong interest from young people.
Royal Mail, Early Careers Initiatives	This summer, Royal Mail delivered a work experience programme to 60 students aged 16-20 across three sites in Bristol, Birmingham, and London. The week-long programme provided a broad introduction to the business, with participants gaining insight and hands-on experience across commercial, operations and corporate functions. Through a range of activities, site visits, team sessions and networking opportunities, students gained an understanding of the diverse careers available across Royal Mail Group and the role each area plays in delivering for the business. On top of this, Royal Mail has continued to deliver its Early Careers programmes that help young people access sustainable employment, while addressing critical skills shortages across the business's operational, engineering and construction, technology, commercial and corporate functions. This includes apprenticeships. In 2025/26, Royal Mail recruited 318 apprentices across 10 functional areas, and 14 graduates through their Discovery and Finance Graduate programmes, achieving a 90% apprentice retention rate. Most Early Careers apprentices are between the ages of 16 and 24.

ScottishPower, AI-Enabled Workplace Exposure

ScottishPower recognised that many young people hear about AI but rarely see how it is already shaping real jobs, teams and decisions across industry. The AI for Schools programme was designed to respond directly to research highlighting that schools are not yet fully preparing pupils for AI-integrated roles in the workplace.

Rather than focusing only on infrastructure or technology, the pilot gave pupils a broader view of the energy industry: how clean electricity is generated, how networks are managed, how customers are supported, how innovation is researched and how people are recruited and developed fairly.

The pilot brought together 24 young people from eight schools across Scotland, rotating them through different ScottishPower business areas including Digital Transformation, Renewables, Customer Business, SP Energy Networks, People & Organisation, and a co-creation exercise with Skills Development Scotland. Each rotation combined a simple business overview with a practical AI challenge, helping pupils understand not only what each team does, but how AI is starting to influence real workplace tasks. Examples include using AI to research innovative technology companies, analysing wind farm downtime data, and exploring customer chatbot responses.

Tesco, Stronger Starts Apprenticeship Programme	The Stronger Starts Programme is an RQF Level 2 retail apprenticeship focused on supporting young people aged 16 to 18 from deprived communities who do not have any qualifications. As such, the programme's objective is to create sustainable employment opportunities for people furthest from the labour market, which includes many young people. Since launching in 2024, the programme has enrolled 1,050 colleagues through this route, with participation expected to reach 1,500 by next year. The 2025 cohort had an 82% retention rate after ten months, demonstrating strong engagement and progression outcomes. 66% of this year's cohort are neurodiverse, 29% self-report as disabled, and 18% had an EHCP, demonstrating the programme's ability to support groups who may face additional barriers to employment.
Transport for London (TFL), Steps into Work Scheme	As part of the 'Everyone's Future Counts' initiative, TfL delivers a supported internship for neurodivergent young people aged 16-25, including those with autism, learning disabilities and Education, Health and Care Plans (EHCPs). Delivered in partnership with Shaw Trust, the year-long programme combines classroom-based employability training with workplace experience across a range of TfL departments. Participants work towards recognised employability and functional skills qualifications while receiving tailored and ongoing support from specialist job coaches, helping them develop key workplace skills, such as confidence and independence. Since the scheme's inception, 61% of those completing the programme have gained paid employment within 12 months, with 88% entering either further education, employment or training.

Other types of business (including exam boards and trade associations) Training providers and employers have a direct role in training and employing young people. But their ability to deliver these opportunities is underpinned by the expertise, drive and innovation of a wider range of organisations whose role does not fit neatly into the categories of training provider or employer. Like employers and training providers, these organisations are making impressive progress when it comes to removing barriers to success. This ranges from piloting more inclusive modes of assessment, to coordinating sector activities focused on bringing more young people into the labour market.	**City & Guilds, 'Volunteer It Yourself'**	Since 2018, City & Guilds has partnered with Volunteer It Yourself (VIY) to help young people who are not in education, employment or training (NEET), or who are at risk of disengagement, gain the skills, confidence and qualifications needed to move towards sustainable employment. Through community regeneration projects, young people develop practical, work-ready skills while working towards City & Guilds Entry Level 3 accreditations. By combining hands-on learning with recognised qualifications, the programme provides an accessible first step into further training, apprenticeships and employment opportunities. City & Guilds' recognition of learners' achievements plays a vital role in motivating young people to continue their skills journey, while helping employers identify individuals with proven commitment and capability. VIY's delivery quality has been consistently recognised through positive Independent Quality Assessment feedback, demonstrating a strong commitment to high standards in training and assessment. The partnership has also evolved to meet emerging labour market needs, with pilot programmes in heritage, retrofit and green skills helping to prepare young people for careers in growing sectors while addressing critical skills shortages. Brothers Aidan, 17, and Tyler, 19, from Birmingham gained a City & Guilds Entry Level 3 qualification in Introducing Site Carpentry Skills through a VIY community renovation project before progressing into Property Maintenance Apprenticeships with the Bell Group. Aidan said: *"Before VIY, I had some construction skills, but I still lacked a lot of knowledge and confidence. VIY helped me gain practical experience, work with people I'd never met before and realise that I'm a hard-working individual who just needs the opportunity to learn and progress in the future."*

DHL UK Foundation, GoTeach Programme	The DHL UK Foundation's GoTeach programme supports young people to develop the skills, confidence and workplace understanding needed to progress into employment through structured volunteering and employer engagement. In 2025 alone, the programme delivered 196 activities, supporting more than 6,200 young people (non-unique). Through a new partnership with Catch22 in the East Midlands, GoTeach provides targeted support to 18-25-year-olds who are NEET or at risk of becoming NEET. Participants receive careers coaching alongside a programme that introduces them to the logistics sector, develops CV and application skills, and provides first-hand exposure to working environments through DHL site visits. To date, four cohorts comprising 45 young people have completed the programme, with five already progressing into employment, including two with DHL. Participants continue to receive support from Catch22 for up to six months after completion, helping improve their chances of securing sustained employment. Insights from the Catch22 GoTeach partnership will feed into a project that creates pathways into DHL for underserved young people.
Logistics UK, Generation Logistics	Generation Logistics is an industry-led campaign delivered by Logistics UK and CILT (UK) to improve awareness of careers in logistics and attract more young people into the sector. Launched in 2022, the campaign seeks to challenge outdated perceptions of logistics by showcasing the wide range of opportunities available, from entry-level roles and apprenticeships to careers in technology, engineering and supply chain management. Moreover, through social media campaigns, employer engagement, careers resources and an Education Hub for schools and colleges, Generation Logistics helps young people better understand the sector and the pathways available to them. The campaign has generated over 1.9 million visits to its careers hub websites, more than 9.2 million social media engagements, and contributed to a 41% increase in awareness of the logistics sector, and an increase of 314% in positive sentiment towards logistics careers among 13-24-year-olds. It also supports educators with curriculum-linked resources designed to connect young people with emerging career opportunities across the logistics sector.

NCFE, The Really NEET Project	The Really NEET Project, a social enterprise supporting young people not in education, employment or training (NEET), received funding through NCFE's Assessment Innovation Fund to explore whether alternative assessment methods could better meet the needs of NEET young people aged 16-25. The project aimed to generate evidence on assessment approaches that could help learners build the confidence, stability and skills needed to achieve their future goals. Recognising that traditional paper-based examinations can create anxiety and make it difficult for some learners to demonstrate their knowledge, The Really NEET Project developed and piloted interactive, story-based digital maths and English assessments based on NCFE Level 1 Functional Skills content. The assessments were tested with young people diagnosed with Autism Spectrum Condition (ASC), Social, Emotional and Mental Health (SEMH) needs, and ADHD, with feedback gathered from learners, staff and researchers. The pilot's findings were encouraging. Almost three-quarters of participants felt story-based assessments would be beneficial, while two-thirds preferred them to traditional exams. Many reported feeling less anxious and more relaxed, which helped them engage more effectively with assessment tasks and improve their focus and concentration. These findings were reinforced by staff feedback and researcher observations. Importantly, the project also found that story-based assessments could encourage greater participation in qualifications. 70% and 52% of learners completing the English and maths assessments, respectively, reported that they would be more likely to engage in a qualification if assessed through this format. As such, the pilot findings suggest that flexible assessment methods have the potential to help young people – particularly those who may struggle with traditional exam-based assessments - to demonstrate their skills and achieve recognised qualifications and remain engaged in education and training.
UKHospitality, Hospitality Skills Passport	UKHospitality's Hospitality Skills Passport is a national four-week Sector-based Work Academy Programme (SWAP) that helps young people develop the skills, confidence and workplace experience needed to move into employment, while supporting hospitality businesses to recruit job-ready talent. The programme is delivered nationally by colleges and training providers in fully-equipped, industry-relevant facilities, with strong support from local hospitality employers. The programme is built on a partnership model that brings together UKHospitality, employers, colleges and training providers, and the Department for Work and Pensions, ensuring consistent, high-quality pathways into work for young people across the country. The national model combines core employability skills, support and services designed to help young people transition into the sector. This includes a standardised four-week curriculum aligned to industry expectations and and immersive employer engagement, including venue visits, job-swap activities and practical demonstrations. To date, more than 550 learners have completed the programme and been certified, demonstrating its effectiveness as a consistent, employer-endorsed model that supports young people into work.

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