Department for Work & Pensions

Social Security Advisory Committee

HM Revenue & Customs

Department for Education

Correspondence

Response to Social Security Advisory Committee (SSAC's) report on: The influence of the social security system on educational and vocational decision-making at age 16

Published 26 October 2026

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We welcome the Committee's reports which highlights an important issue: for a small number of families, a young person taking up an apprenticeship can leave the household financially worse off, even when apprenticeship earnings are taken into account. The Committee rightly identified this as a barrier that could discourage young people from accessing valuable opportunities to earn, learn and progress.

The government has listened and acted. On 28 July, we announced a new bursary, worth up to £4,500 per year per household, to specifically address the barrier identified by the Committee. This bursary will target the small number of Universal Credit families for whom the current system disincentivises apprenticeships so that these households will no longer see a barrier to a young person taking up an apprenticeship.

Through this intervention, that comes alongside our wider package of apprenticeship support, we are removing a financial barrier that has held some young people back and replacing it with a clear pathway to opportunity, levelling the playing field so that ambition, not family finances, determines whether a young person can earn, learn and succeed.

Immediate interventions (Recommendations 1 to 3)

Recommendation 1: Closing the August 31 timing gap

The Department should address the timing gap between benefit cessation and participation commencement by extending support from the current August 31 cut-off until young people begin their apprenticeship and have received their first wage.

Recommendation 1 response

DWP does not agree with this recommendation.

The department recognises the importance of supporting households with young people as they move from education into training or employment. Current rules allow Child Benefit and the Universal Credit child element to continue, in most cases, until 31 August following a child's 16th birthday, ensuring support remains in place until the end of the academic year. As Universal Credit is paid in arrears, many households will still receive financial support during the transition period in the event a young person starts an apprenticeship in September. Nevertheless, we will keep the policy under review in light of emerging evidence and other policy developments around support for young people.

Recommendation 2: Improve information and advice

The department should develop and implement a strategy to ensure improved access to information as to how household and individual benefits change when a young person pursues an apprenticeship or remains in education, with this information clearly signposted to schools, parents and other advisers including those working in Youth Hubs.

Recommendation 2 response

DWP agrees with this recommendation.

The department recognises the importance of ensuring that young people and their families can access clear and timely information about how education and apprenticeship choices may affect benefit entitlement.

Information on the interaction between education, apprenticeships and benefits is already available through a range of different channels, including on GOV.UK and through Universal Credit. However, we will review how this information is presented and signposted, developing and implementing a strategy that builds on existing communications channels and partnerships to increase awareness and improve access to information for young people, parents and those supporting them.

Recommendation 3: Clarify ‘approved training’

The department and HMRC should review, update and clarify the definition and list of “approved training” in Child Benefit and Universal Credit regulations and publish new guidance.

Recommendation 3 response

DWP partially agrees with this recommendation.

Both departments agree that rules on ‘approved training’ should be clear and easy to understand. Relevant guidance will continue to be kept under review, and updated or clarified where necessary, to support a consistent understanding of what constitutes ‘approved training’.

‘Approved training’ is defined within Section 2 of the Employment and Training Act 1973, and any course that meets this definition is therefore considered approved training for Universal Credit purposes.

Continuing to rely on this definition, rather than setting this out further in legislation, provides the greatest level of flexibility to be able to respond to changes in ‘approved training’ courses quickly. Without this approach, legislative changes would be required every time new ‘approved training’ courses emerge which depends on legislative timing and processes.

Child Benefit already has a clear definition of ‘approved training’ in legislation[footnote 1]. Regulations name the specific ‘approved training’ schemes for Scotland, Wales and Northern Ireland; no courses currently meet the definition in England. HMRC works closely with devolved nations to ensure the regulations keep pace with the development of new schemes by their respective administrations and provides customers with a clear list of what counts as approved training.

Short-term adjustments

(Recommendations 4 to 6)

Recommendation 4: Flexible transition from Child Disability Living Allowance (CDLA) to Personal Independence Payment (PIP)

Following the completion of its current consultation, the department should consider giving young people choice over the timing of the CDLA to PIP transition – either at age 18 or at a point of the young person's choosing between the ages of 16 and 18.

Recommendation 4 response

DWP agrees with this recommendation.

We acknowledge that there are potential disadvantages to having claimants transition from child to adult disability benefits at the age of 16, and not just due to the timing stress at the age of 16 highlighted in the report. The department has considered changes to the age of transition in the past and will look at it again in the light of the Timms Review and the Milburn Report, both of which could have significant impact on the disability benefits system.

Recommendation 5: Reform support for young adult carers

To assist young adult carers to make effective choices in their long-term best interests, the department should review the financial support available to them, including the removal of the 21-hour/Full-Time Education rule for Carer's Allowance. In addition, it should consider introducing a Young Carer Grant to England and Wales and, on the basis of parity, see a similar development in Northern Ireland.

Recommendation 5 response

DWP does not agree with this recommendation.

It is a long-standing principle that the benefit system does not normally support full-time students. Rather, they are supported by the educational maintenance system. Part-time students can receive Carer's Allowance if they meet the entitlement conditions. The department works very closely with the Department for Education and Department for Health and Social Care, and key stakeholders to help ensure young carers get the help and support they need and deserve.

We continue to look at how we can best identify and support young carers to combine study with their caring responsibilities where they can, including taking account of changes in the education system. DWP will raise the broader issue of support for young carers in full-time further or higher education in the context of the cross-Departmental Group on unpaid carers.

Recommendation 6: Fix Universal Credit/hub interaction for care leavers and estranged young people

The department should urgently bring forward its proposals to review the Housing Benefit and Universal Credit interaction for residents of supported housing and temporary accommodation which includes care leavers and estranged youth to ensure that young people are not penalised for pursuing any approved pathway.

Recommendation 6 response

DWP agrees with this recommendation.

The department agrees with the need to ensure care leavers and estranged young

people are not discouraged from taking up work, training or other approved pathways.

To improve how the social security system supports this aim, the government announced at Autumn Budget 2025, the introduction of additional earned income disregards in Housing Benefit for working-age residents in Supported Housing and Temporary Accommodation.

These new disregards will offer those living in Supported Housing or Temporary Accommodation a better financial incentive to increase their earnings. The regulations were laid on 6 July 2026 and the measure will come into force on 5 October 2026.

Medium-term reforms (Recommendations 7 to 11)

Recommendation 7: Strengthening tracking of 16 to 18-year-olds

The department should work closely with colleagues from the Department for Education and devolved administrations where appropriate to strengthen the tracking and monitoring of young people aged 16 to 18, including considering introducing tracking in real time.

Recommendation 8: Include vulnerable groups in tracking

Vulnerable and disadvantaged groups, such as disabled young people, estranged young people, young parents and Young Adult Carers should be included in targeted tracking to monitor participation.

Recommendations 7 and 8 response

DWP and the Department for Education agree with recommendations 7 and 8.

DWP and the Department for Education (DfE) recognise many of the challenges highlighted in the report and are already working together to deliver a number of reforms set out in last year's Post-16 Education and Skills White Paper.

The White Paper sets a clear ambition for more effective identification, tracking and data-sharing, with a particular focus on those young people at risk of becoming not in employment, education or training (NEET). It establishes a clear direction towards supporting all young people to participate through a smooth transition from school to post-16 education and training.

Using new "Risk of NEET" indicator tools and guidance, local authorities, Strategic Authorities, schools, and further education providers will be enabled to share and use data more effectively. This will strengthen collaboration at a local level and enable smoother transitions. We are exploring how artificial intelligence will enhance this approach and help local authorities to plan support.

We know that young people with certain characteristics are at greater risk of becoming NEET. Through this work, those at risk – including the vulnerable groups highlighted in the report - will be identified earlier and supported to remain in education and training, setting them on a course to thrive in life and work.

DfE's programme of policy, data and digital work includes:

- Developing and making available early identification tools. This includes Risk of NEET Indicator (RONI) tools for use by local authorities and education providers so they can identify emerging risk earlier and more consistently. Over time, we will work towards integration of RONI tools in broader local data systems from their current use as stand-along tools.
- Preparing joined-up national guidance and messaging for local authorities, schools and FE providers, to clarify how RONI tools fit together and should be used.
- Strengthening data quality, collection and sharing to support young people's transition from both compulsory to post-16 education and to post-18 routes to

enable better support for young people at risk of NEET.

- Developing a system to track student attendance and support early intervention if it starts to decline.
- Exploring the safe, ethical use of data and AI to support professional judgement, not replace it, ensuring any future models are transparent, fair, and usable at a local level for identification and strategic planning.

Recommendation 9: Clarify policy objectives for 16+ year olds

The department should consider whether it should have as one explicit objective of policy to ensure that there is equivalent support to all approved participation choices for young people. Even if this is not deemed a priority (or there are insufficient resources to pursue it) the department should consider whether a goal should be ensuring that there are more even-handed consequences of choosing apprenticeships between different types of families. That is, it should explore whether it wants to reduce the vast current variation in the hit to parents' benefit entitlements depending on the makeup and characteristics of their households.

Recommendation 9 response

DWP agrees with this recommendation.

The department has recognised that some households in receipt of benefits may, overall, be financially worse off when a young person takes up an apprenticeship. The department is already taking steps to address this by providing targeted support for eligible households through the introduction of a bursary worth up to £4,500 per year.

As Alan Milburn's interim report set out, too many young people are being denied the chance to earn or learn, and that a participation-focussed system which does not discourage young people from taking up particular forms of participation is important. There is a strong rationale for the current benefit rules distinguishing between young people who are fully economically dependent and in need of

financial support from their parents (for example, children who are in school, college or unpaid training) or not (children who are no longer in non-advanced education and are in work, such as an apprenticeship).

The Committee's report highlights that a young person's salary from an apprenticeship ordinarily offsets the loss of the benefit entitlement from child element and Child Benefit, and in some cases the household is financially better off.

We will continue to consider the impact the current rules can have on a household's benefit entitlement in light of Milburn's final report.

Recommendation 10: Review economic dependency and the benefit unit

The department should consider whether the current benefits system appropriately reflects the transitional economic dependency status of 16 to 18-year-olds. It should ask whether the reality is that most of these children remain economically dependent, and - as such – should remain part of their parents' family unit for benefit claims. And then - if so – it should ask more specifically whether it is appropriate for parents of apprentices to lose Child Benefit and elements of Universal Credit?

Recommendation 10 response

DWP agrees with this recommendation.

The department agrees it is important to consider whether the social security system appropriately reflects the transitional nature of young people's economic dependency.

We will continue to consider how the benefits system can best reflect the transitional economic dependency status of 16 to 18-year-olds in light of emerging evidence and wider recommendations such as those from the Milburn Review.

Recommendation 11: Review treatment of young people's earnings

The department should consider whether 16 to 18-year-old apprentices should remain part of the parental benefit unit, and whether their earnings should be treated similarly to earnings from young people in full-time education who have part-time jobs.

Recommendation 11 response

DWP agrees with this recommendation.

We recognise it is important that the benefit system strikes the right balance between supporting families and encouraging participation in apprenticeships for 16 to 18-year-olds.

As the primary status of a young person undertaking an apprenticeship is of an employee, this currently represents an appropriate transition point at which they are no longer treated as part of their parents' benefit unit.

The Milburn Review is examining all of the barriers that prevent young people from participating in education, training and employment. We will consider whether any changes are needed to improve outcomes, including in relation to apprenticeships and the benefit unit, once the findings and recommendations from the Review have been published.

Comprehensive review (Recommendations 12 and 13)

Recommendation 12: Full benefits review

A comprehensive review of all benefits rules and other income interacting with participation of 16 to 18-year-olds should be undertaken.

Recommendation 12 response

DWP partially agrees with this recommendation.

The government recognises the importance of understanding how the social security system interacts with the participation choices of young people aged 16 to 18. Alan Milburn has been commissioned to review the barriers that prevent young people from participating in education, training and employment, and to consider what changes across the system may be needed to improve outcomes. The government will therefore consider any findings and recommendations from the Review before determining whether further work on specific social security rules or interactions is required. A separate review at this stage would risk duplicating that work.

Recommendation 13: Move Child Benefit from HMRC to DWP

The department, in consultation with HMRC colleagues, should consider a more joined-up approach to providing support for families, which would have particular benefits for 16 to 18-year-olds. Specifically, consideration should be given to transferring responsibility for Child Benefit and associated Guardian Allowance to DWP, from HMRC.

Recommendation 13 response

DWP and HMRC partially agree with this recommendation.

Both departments recognise the importance of working together where their respective benefits interact, particularly to ensure consistency of approach for families and customers or a clear justification where policy rationale differs. To this end, they maintain close working relationships at both policy and senior levels, and agree to continue to work closely together to provide joined up support for families.

However, neither department believes the balance of considerations decisively favours transferring responsibility for Child Benefit and Guardian's Allowance to DWP.

HMRC's administration of Child Benefit allows for alignment to the wider tax and National Insurance systems. While it is paid as a universal benefit, its interaction with the tax system through the High-Income Child Benefit Charge means it also operates as part of the income tax framework. Child Benefit confers National Insurance credits and acts as the primary, automatic gateway for young people to receive a National Insurance number. Its position within HMRC provides a direct link to HMRC's administration of National Insurance records and initiatives such as retrospective National Insurance credits.

Child Benefit also sits within HMRC's portfolio of family-focused financial support, such as Free Childcare for Working Parents and Tax-Free Childcare. Ultimately, its universal nature aligns with HMRC's broader customer base, reaching taxpayers and households across the UK rather than only those claiming social security benefits. In contrast, DWP provides support for children through payments such as those made through Universal Credit which is means-tested rather than being connected to the tax system.

Given the difference in rules, systems and purpose of benefits, transferring Child Benefit from HMRC to DWP would present policy and practical challenges. This includes requiring significant IT, delivery and process changes with significant costs and a complex Machinery of government change to deliver. The complexity of this transfer increases due to the difference in territorial extent; DWP is Great Britain only whereas HMRC is UK-wide.

For these reasons, DWP and HMRC considers that Child Benefit is most effectively administered within HMRC.

1. Regulation 1 of The Child Benefit (General) Regulations ↩

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