

Benefits system distorts choices at 16

23.4.2026 - | Her Majesty's Revenue and Customs

Families face financial penalties when young people take up apprenticeships.

A new report from the Social Security Advisory Committee (SSAC) finds that the benefit system is influencing post-16 choices regarding education and training. The perverse effects risk undermining other government policy aims, in particular to reduce the number of young people not in education, employment or training (NEET).

The report shows that when a young person leaves full-time education to start an apprenticeship, families can face a sudden loss of social security financial support. Often the young person's apprentice wage theoretically offsets this – although in practice, their parents will only be compensated if a lot of the pay packet is handed over to them. Sometimes, the loss is so great that the household as a whole is worse off – which means that, even if all the apprenticeship earnings were handed to the parent, the family would be poorer. This is particularly the case when the young person has a disability and the loss of social security income can be greater than the apprenticeship wage.

These difficulties do not arise with young people remaining in full-time education: broadly, benefits continue to support them as they did when they were under 16. As a result, there is a financial deterrent for young people from families on benefits pursuing apprenticeships that needs addressing – even though the government insists that these are equal to academic pathways. This issue arises at a time when NEET levels among 16 to 24 year olds in England remains worryingly high, with more than one in eight young people currently NEET.

SSAC finds that the benefits system has not kept pace with changes to the law about post-16 participation in education or training. Parents of apprentices can lose Child Benefit and elements of Universal Credit, while parents of young people who remain in education may continue to receive support, even when those young people earn part-time wages.

The apprenticeship penalty is greatest for those already facing disadvantage, including single-parent households and families with disabled young people or young carers, as well as care leavers and estranged young people. For young carers in particular, caring responsibilities can limit flexibility at age 16 and make families especially sensitive to sudden changes in income. Many families and advisers are unaware of the financial consequences of these decisions until they have been made, leading to financial shocks and, in some cases, to young people abandoning apprenticeships.

Commenting on the report, Dr Stephen Brien, Chair of the Social Security Advisory Committee, said:

The social security system is not neutral in the choices young people make at 16. In its current form, it can penalise families when young people take up apprenticeships, even though this is a route that government actively encourages. This creates a real risk that decisions are driven by short-term affordability rather than what is right for a young person's long-term future.

The report draws on financial modelling, evidence from young people and families, and discussions with stakeholders and government departments. It finds that benefit losses affecting parents when their child starts an apprenticeship can range from around £17 to more than £330 per week,

depending on household circumstances.

SSAC recommends action to better align the benefits system with today's post-16 participation framework, including improved information for families, greater protection for vulnerable groups, and changes to reflect young people's continued economic dependence between the ages of 16 and 18.

Notes to editors

Established in 1980, the Social Security Advisory Committee is an independent statutory body. It provides advice to the Secretary of State for Work and Pensions on proposals for the amendment of secondary legislation and on general social security matters.

Contact SSAC

Social Security Advisory Committee
7th Floor Caxton House
Tothill Street
London
SW1H 9NA

Email: ssac@ssac.gov.uk

Telephone: 0300 046 0323

Website: www.gov.uk/ssac

<https://www.gov.uk/government/news/benefits-system-distorts-choices-at-16>