



YOUNG PEOPLE AND WORK REPORT: CALL FOR EVIDENCE

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ICAEW welcomes the opportunity to comment on Young People and Work Report: Call for Evidence published by the Department for Work & Pensions (DWP) on 23 December 2025, a copy of which is available from this [link](#).

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of sustainable economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 172,000 chartered accountant members in over 150 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

We are authorised to train chartered accountants, mostly through apprenticeship and graduate programmes for 16-24 year olds. More than 9,000 students registered for training in the UK in 2025.

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KEY POINTS

1. There are several factors preventing more young people from participating in employment, education or training. Opportunities for 16–24-year-olds remain unevenly distributed across the UK, with limited entry-level roles in many regions and in sectors most affected by economic uncertainty.
2. Recruitment for early-career positions has been impacted by uncertainty in line with the Employment Rights Bill and National Minimum Wage increases, reducing the number of accessible first steps into the labour market for young people.
3. At the same time, there is a clear disconnect between the skills young people are gaining and those increasingly demanded by employers, including work-readiness, transferable skills and an understanding of emerging career pathways.
4. Addressing these barriers will require expanding access to meaningful work experience, embedding transferable skills more explicitly within the curriculum, and ensuring young people encounter high-quality employer engagement throughout their education.
5. Greater flexibility in how employers can use the Skills and Growth Levy would also enable investment in a wider range of early-career training and earn-and-learn routes.
6. Targeted investment in UK businesses, particularly in left-behind areas, will be essential to create the local opportunities that allow young people to enter and progress in work.

ANSWERS TO SPECIFIC QUESTIONS

Question 1: What is stopping more young people from participating in employment, education or training?

7. The UK is the sixth-largest economy on earth, home to world-leading sectors ranging from financial and professional and business services to life sciences, creative industries and advanced manufacturing. These sectors are rightly recognised and targeted in the Government's Modern UK Industrial Strategy. Our universities are globally recognised for producing groundbreaking research and for upskilling large cohorts of the population. We are also a services-exporting global powerhouse, second only to the United States.
8. Yet despite this economic strength, too many young people remain disconnected from the labour market and from the education and training routes that underpin these high-growth sectors. There are numerous and interlinked reasons for this.

LACK OF OPPORTUNITY, PARTICULARLY IN CERTAIN REGIONS

9. The latest data available from the Social Mobility Commission shows the percentage of 22–29-year-olds in higher professional occupations by area. Breaking areas of the country down by quintile, unsurprisingly London dominates the highest quintile. Encouragingly, areas like Greater Manchester and Gloucestershire, Wiltshire, Bath and Bristol sit in the second quintile. However, areas like Tees Valley and Durham, East Yorkshire and North Lincolnshire, West Wales and the Valleys, and Cornwall all sit in the lowest quintile.¹
10. When we compare this to GCSE attainment by region, we see that certain regions have talented and able young people but lack the professional opportunities for them. Tees Valley and Durham sit in the second quintile of regions for GCSE attainment for young people receiving free school meals (FSM) but in the lowest quintile for 22–29-year-olds in professional employment. Similarly, the West Midlands have some of the highest attaining 16-year-olds on FSM but only sit in the middle quintile for professional opportunities.
11. This leaves young people with two options. Leave the area to pursue professional opportunities in London and the South East, or accept lower paid, lower skilled work, wasting talent and cannibalising opportunities for other young people in the region.

12. Comparing ICAEW's own student intake in 2025 to population and GDP of England by region, we see further disparity. Roughly 5% of ICAEW students that registered last year were in the East of England, despite this region accounting for around 10% of both English GDP and population. However, more than 40% of new ICAEW students registered in London despite it contributing only 25% of GDP and being home to less than 15% of the population. Even allowing for the whole population of London and the SE, and taking into account the dominance of London in the UK's economy and many young people's wish to experience living in one of the most exciting and vibrant cities on earth, this still only reaches around 30% of people living in England.¹
13. Using accountancy as an example, the population is there, the talent is there, the economic activity is there, but the opportunities are not.

DECREASED RECRUITMENT, PARTICULARLY FOR ENTRY LEVEL JOBS

14. Insights gained from ICAEW members throughout 2025 reported that many businesses, especially in manufacturing, retail, hospitality, construction and social care, faced material increases in employment costs, and charities faced the same challenges. Several reported reviewing their entire operating model, with reactions including pausing recruitment and exploring offshoring activity.² ICAEW's latest Business Confidence Monitor showed that annual employment growth continued on its downward trajectory in Q4 2025, as companies slowed the rate at which they increased their staff levels slightly to 0.8%, down from 0.9% in the previous quarter. This is the lowest rate of jobs growth reported in the survey since Q2 2021.

"Everyone is looking at labour costs and how they can manage them - temporary staff, outsourcing, offshoring, etc" (Manufacturing / UK).
15. The BCM notes that April's business cost rises disproportionately impacted sectors that generally have higher concentrations of lower paid roles, leading them to reduce their staff counts in the year to Q4 2025. Manufacturing & Engineering and Transport & Storage companies both saw contractions of 0.2%, while Retail & Wholesale recorded a 0.1% decline. Typically, these lower paid roles provide entry points for young people aged 16-24 into the labour market and may also provide part-time work for those in Further or Higher Education, equipping them with transferable skills for their future career.
16. Looking at the accountancy sector specifically, the number of students registering with ICAEW in the UK dropped 3%. Delving deeper, a 14% reduction in recruitment by larger firms was offset by a growth of 11% in smaller practices, understood in part as they looked to take advantage of the level 7 apprenticeship levy funding before they changed in January. *NOTE: ICAEW offer a L4 and L7 apprenticeship, with the majority of employers currently using the L7 standard.*
17. A pulse survey by ICAEW completed by 226 employers showed that this contraction is expected to continue. 55% of these employers expected to reduce their trainee recruitment over the next 2 years, with 88% of these putting it down to changes in the L7 funding age eligibility.
18. In addition, the rise in employer National Insurance contributions in April 2025 shows how sharp changes in tax policy can have knock on effects for young people's participation in employment, education or training. ICAEW research, including the BCM, indicates that the increase has had a significant adverse impact on hiring, investment and inflation. Many businesses have responded by cutting staff, deferring expansion plans, or passing higher costs on to customers. 80% of businesses polled by ICAEW reported being negatively affected by April's rise in business costs, particularly the employer National Insurance increase.
19. The Employment Rights Bill achieving Royal Assent in December may have a further detrimental impact, particularly the removal of the 2-year qualifying period for unfair dismissal

¹ UK population by region 2024 | Statista

² Regional economic activity by gross domestic product, UK - Office for National Statistics

and the removal of zero-hours contracts. Insights gained by ICAEW suggest that employers may feel more exposed when recruiting new joiners who have not had any previous work experience. The closing gap between the under 18 and over 18 minimum wage also reduces the financial incentive of employing younger staff, with many of our members reporting they are likely to reduce the risk of providing opportunities for young, inexperienced applicants in favour of older workers with at least some experience.

20. Member insight from the London retail sector noted that removing the two-year qualifying period for dismissal could unintentionally disadvantage school leavers and new graduates, as employers may feel more exposed when hiring individuals with little or no prior work experience. A six-month probation period may be too short to assess suitability, so extending probation to 12 months for these groups would provide employers with greater assurance while still supporting young people entering the workforce.
21. A member advising the hospitality sector in London noted that the proposal to base contracts on average worked hours would make it riskier for businesses to hire school leavers and new graduates, whose parttime hours naturally vary around studies and other commitments. This reduces essential flexibility for both employers and employees in hospitality, where demand fluctuates. If businesses must offer contracted hours based on peak periods, they may end up paying for unworked hours during quieter times an unsustainable cost in an already tight-margin sector. As the gap between under18 and over18 National Minimum Wage rates narrows, employers may also favour older, more experienced candidates at similar pay levels, limiting opportunities for younger workers. Since hospitality is often a first job for students and school leavers, this risks weakening the talent pipeline and access to vital early workplace skills.
22. For a piece of legislation designed to protect and enhance employment, we are concerned that paradoxically it will cut off employment opportunities for younger workers at the start of their career.
23. Combined with rising National Minimum Wage rates, these pressures have made it more difficult for employers to justify creating new entry level or junior roles. This contraction in opportunities at the lower end of the labour market reduces the availability of the very jobs that typically provide young people with their first step into work, thereby limiting their ability to participate in employment and, subsequently, the training and development that flow from early labour market entry.
24. This all results in fewer employment opportunities for 16–24-year-olds and less opportunity for them to develop skills that will be useful for their career progression.

THERE IS A DISCONNECT BETWEEN THE SKILLS 16–24-YEAR-OLDS ARE GAINING AND THOSE NEEDED NOW AND IN THE FUTURE

25. The Open University's Business Barometer 2025 showed that 54% of organisations in the UK report a skills shortage, with 35% believing a lack of work readiness among young people is one of the biggest factors affecting skills in the economy over the next 5 years.³
26. Conversely 55% of young people feel prepared to enter the workplace when they either graduate or leave school, although two-thirds do know they need to improve certain skills to feel fully work-ready. There is also a disconnect between who's responsibility it is to equip young people with these skills. 71% of Gen Z believe that employers should be responsible for providing workplace training and upskilling, while just 45% of employers believe it's primarily their duty to fund employee development.
27. Insights from ICAEW members working in industry in 2025 note these rising expectations from early career applicants, which they say larger organisations are more equipped to meet. This is a situation that has been made worse by uncertain economic conditions and rising business costs, with sectors such as tourism, business administrative and support services, manufacturing and automotive and transport and logistics particularly affected, industries with high numbers of entry-level roles for 16-24 yr olds.
28. Professional qualifications could be a major part of addressing this. However, the proportion of the UK population with an upper secondary level qualification with a vocational element is

among the lowest in the OECD³. This limits the availability of structured, work-aligned pathways that can support young people to become work-ready while meeting employer demand, particularly in sectors with high volumes of entry-level roles. Given the UK's long-standing global strength in professional and business, we risk undermining that comparative advantage by not focusing on the future workforce in this important sector.

29. To address this issue, a cultural shift is required. Vocational learning in the UK is often perceived as a secondary or less prestigious route, with the majority of young people encouraged towards traditional academic pathways such as A levels and university degrees. This discourages take-up of vocational options, even where these routes may better align with both labour market needs and a young person's aptitudes. While the Government's Post-16 Education & Skills White Paper recognises the value of more flexible and non-traditional routes, further action is needed to embed vocational education as a mainstream option. In addition, a persistent hierarchy, especially in some fields means vocational pathways are frequently associated with lower prior attainment, which can deter young people including those with high potential or a useful skillset from pursuing them.
30. Expanding a wider range of earn-and-learn routes, including increased apprenticeship funding and paid work placements linked to recognised technical or professional qualifications, would help more employers to offer high-quality opportunities. These routes also enable young people from under-represented groups to engage in education while earning in their local area, reducing financial barriers and improving access to work-relevant skills.
31. Professional qualifications can play a significant role in improving social mobility. The accountancy profession, for example, demonstrates the transformative power of professional qualifications as routes into high-quality careers. Research from Access Accountancy shows that, between 2016 and 2022, the proportion of applicants from working-class backgrounds applying for entry-level accountancy roles increased, as did their rates of success. In 2016, young people in receipt of free school meals (FSM) made up 14% of applicants; by 2022 this had risen to 20%. In 2016, applicants who were not in receipt of FSM were 16% more likely to be hired, but by 2022 this gap had narrowed to 11%. This trend illustrates the growing accessibility of professional pathways and their potential to support fairer access to professional careers.
32. The Chief Executive of Grant Thornton, a Fellow of ICAEW and recent winner of Champion of the Year at the UK Social Mobility Awards, offers a powerful example of what professional qualifications can enable. Coming from what he describes as a "fiercely working-class family," a professional qualification opened the door to a career in accountancy and ultimately to senior leadership of a major firm. His lived experience has also shaped his commitment to widening access: under his leadership, Grant Thornton has consistently ranked highly in the Social Mobility Employer Index, which measures organisations' efforts to become more socio-economically inclusive. His story is one of many that highlight how professional qualifications can operate as effective tools of social mobility, supporting talented young people from all backgrounds to access high-quality opportunities. As chartered accountancy is built on clear professional standards and recognised qualifications, it provides a genuinely meritocratic route that enables individuals from all backgrounds to progress and succeed.
33. However, there remains a significant lack of awareness in schools and colleges about routes into professions such as chartered accountancy, including the ACA and wider earn-and-learn options. Many young people, especially those from lower-income backgrounds, either do not know these pathways exist or assume they require prior connections or financial resources.
34. Careers education should therefore be strengthened so that schools and colleges provide clear, information on professional pathways. As part of the Government's broader skills agenda, alternative and vocational routes should be taught and discussed earlier in the education journey, for example, when young people are choosing their GCSEs and A levels,

³ To what level have adults studied?: Education at a Glance 2023 | OECD

or receiving guidance on UCAS applications, ensuring they understand that multiple pathways into high-quality professions are available.

Question 2: What would make the biggest difference to support more young people to participate?

35. The Social Mobility Commission's Nov 2025 report *Regional Insights: Creating fairer chances across the regions*, highlighted the importance of work experience for young people, particularly those in underserved regions and/or at risk of NEET, in building skills and accessing quality work opportunities.⁴ The government's recent Work Experience Guarantee is a welcome and positive step in the right direction, securing 2 weeks of experience for every secondary school child by age 16. Careful consideration and measures need to be put in place to ensure the variety of this work experience, allowing young people to explore careers they may not have access to through their existing network. Those with risk indicators of becoming NEET should also be prioritised as this work rolls out.
36. There are approximately 650,000 young people currently in year 7 of school (aged 11-12). That equates to 32.5m hours of work experience over the next 5 years, or 6.5m hours per year, just for this cohort. We could not find figures for the current number of work experience hours that are delivered but we expect it to be far short of these levels.
37. More needs to be done to incentivise and support employers, particularly SMEs, so that this ambition of 2 weeks of experience by age 16 is realisable. This is especially important in some of the regions identified earlier, where SMEs play a proportionately larger role in the local economy. This could include freeing levy funding for offering work experience and funding third sector organisations to partner with employers, relieving some of the administrative burden.

Case Study – Access Accountancy

38. Access Accountancy is a charity set up in 2014. It brings together 30+ accountancy firms, professional bodies and organisations dedicated to improving access to, and progression within, the accountancy profession for applicants from disadvantaged backgrounds. Each participating organisation commits to a set of actions that would make them more inclusive to those from low socio-economic backgrounds, including a commitment to offer work experience. Since its launch more than 6,000 placements have been delivered to students from low socio-economic backgrounds.
39. Access Accountancy conducted research in 2023 with accountancy firms that found time and resource requirements were a key barrier to organisations offering work experience. Developing, implementing and running social mobility initiatives such as work experience programmes was perceived to be a time intensive process. This is particularly acute for smaller firms who have less resource overall – but larger firms also remark that it can be difficult to juggle competing priorities and “do it all”.

“I guess it’s making sure that you’ve got the right time and dedicated resources [...] That’ll be the biggest challenge. We’ve got lots of different competing challenges and requirements.”

40. Firms, particularly SMEs, saw the benefit of work experience programmes and were open to charities like Access Accountancy taking more of a lead in running these schemes.

“If Access Accountancy could run it for us that would be great. We’re all so busy in our day jobs and it takes a lot of time. Any support, that would be great – even just designing a programme takes time.”

INTEGRATE TRANSFERABLE SKILLS INTO THE CURRICULUM

41. Alongside academic education, skills development should be more deliberately included in the national curriculum. More than 90% of teachers believe that essential skills are important for both employment opportunities and success in education.⁵ Less than a quarter (24%) of

teaching professionals believe that essential skills are currently being taught sufficiently in education, but yet 90% support building skills in education and 86% agree that they should be included in the national curriculum.

42. ICAEW’s Rise programme has already developed resources that explicitly link topics in curriculum subjects to essential skills, using the Skills Builder Universal Framework, proving this is possible. These resources were downloaded by more than 2,000 teachers last academic year.
43. Inclusion of skills within the curriculum must include assessment. Without this there is a risk that delivery is mixed and impact cannot be measured. Students can track their own progress, helping build confidence and setting time up for success in recruitment processes. School and countrywide progress can also be measured and reported. What is more, both qualitative data from Skills Builder and academic research from EEF suggest the potential for accelerated learning and achievement of building skills alongside academics at schools.
44. There would also need to be updates to teacher training and support for those already teaching. But there is a secondary opportunity here too. By building their learners’ essential skills, teachers could also improve their own skills, making them more effective in their roles and more fulfilled.
45. ICAEW and other professional bodies might be well placed to support this work. Our own qualification, the ACA, successfully integrates skills and knowledge and is recognised as the leading qualification of its type.

Case study – Skills builder accelerator programme

46. ICAEW has sponsored five schools on the Skills Builder Accelerator programme for the last two academic years. All sponsored schools have a higher-than-average proportion of students eligible for free school meals, with some also sitting in coastal and rural areas like Blackpool and Newton Abbot. This programme works with the school to embed skills development within the curriculum over 12-15 months. Learners in schools on the programme⁴ make nearly three times more progress on skills development than those without. This reduces the likelihood of them being out of work or training by 25-30%.
47. The programme focuses on three elements:
 - Improving essential skills education
 - Building teacher confidence
 - Driving learner progress

<p>“Training gave us clear explanations of rationale for building essential skill, display of resources and how to best teach the Framework in lessons.” Teacher</p>	<p>“The wider teacher training for our colleagues who will be delivering lessons has improved confidence amongst the staffing group.” Deputy Head</p>	<p>“The programme shows development of the skills throughout the students and allows us to track progress of learning.” Teacher</p>
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INCREASED FLEXIBILITY IN USE OF SKILLS AND GROWTH LEVY

48. As already mentioned, increased flexibility for employers in how they use their levy could help offset the rising costs that employers are facing, incentivising them to hire and upskill 16-24 year olds. Age restrictions or age variable funding bands could be put in place to prevent against employers simply retraining existing staff. Alternatively/additionally, further

⁴ Skills Builder UK Impact Report 2025

conditions around use of the levy to support young people NEET or with certain NEET risk indicators (eg, in receipt of free school meals) could be put in place.

49. Using accountancy as an example. The decision was recently taken to restrict the use of the levy to fund L7 apprenticeships to those under 21. We would recommend raising the age to 25. 5,763 people started ICAEW's L7 apprenticeship in 2023. Of these, 1,232 (or 21%) were 25 or older. The Office for Students also shows that mature learners are more likely than younger students to have characteristics associated with disadvantage such as family or caring responsibilities or coming from a low-SEB⁵. As a result, the restriction to funding for under 21s only is likely to have a detrimental effect on social mobility. Therefore, the government might also consider measures other than age to open up funding. For example, the levy could be used for someone at any age that does not have an existing qualification at L7, or that meets certain socio-economic criteria.
50. There could also be flexibility to use the fund for qualifications other than apprenticeships, especially in high growth areas, especially for students who are or are at risk of becoming NEET. ICAEW offer both a Sustainability and GenAI accelerator programme as examples of shorter certifications, which would enhance a young person's employability and equip them with relevant knowledge and skills.

Case study – BHP Yorkshire

Will the proposed defunding of L7 apprenticeships affect your recruitment decisions and intake numbers?

51. BHP Yorkshire noted that, it is bound to have an effect on the timing and number of trainees the business can afford to support. Where numbers over the past few years have risen, this will tighten up as the business seeks to gain efficiencies and maximise returns on investment.
52. In addition, there will be increased indirect costs and implications such as:
- The increase in type/cost/volume of recruitment activity due to the impact on the quality and quantity of talent available
 - The impact on salaries that we are able to offer if the cost of training is higher
 - The numbers of experienced hires in the market in a few years' time which will drive up costs and make recruitment harder

Have you supported students to whom the Level 7 scheme has benefitted or where training would not have been possible without the programme?

"One of the core values at BHP is about having a positive impact, whether that be on our clients, the communities in which we work or the lives of people who work here. Our trainee programme is key to this as not only through each intake do we help create the next generation of advisers, we also ensure that our clients and our own business are able to thrive – not just today, but long into the future."

Chief People Officer

"A school we are working with to improve access to accountancy careers reports that 90% of their student population lives in one of the most disadvantaged areas of the UK. We offer the opportunity for students from that school and similar schools and colleges across Yorkshire, the ability to become a Chartered Accountant or Chartered Tax Adviser via Level 7 apprenticeships. Removing funding and, therefore, stifling access to that route will create a further barrier to their upward social mobility and career aspirations." Joint CEO

"As a level 7 accounting apprentice I have gained invaluable experience and skills working alongside my studies. The opportunity to undertake the apprenticeship instead of going to University was one I could not refuse. I have developed many skills and qualities that I don't think I would have even been exposed to if I had gone to University. As my qualification is funded, and work

⁵ Mature higher education students in England

allow me the time off to study, this has not only allowed me to gain valuable work experience but also get a higher-level qualification at the end of it. If the qualification was not funded then I probably would not have even considered pursuing it.” School Leaver Trainee (L3/4 & L7 apprentice)

“Studying through the level 7 apprenticeship completely changed the dynamic of my career path. The opportunity to study a chartered qualification, whilst gaining invaluable experience of the working life of an accountant propelled my career. I believe that if an apprenticeship wasn’t available, then it’s likely that I would have been more open to another career, and wouldn’t be where I am today. Debt free, Chartered and 8 years of work experience.” School Leaver Trainee (L4 & L7 apprentice)

ENCOURAGE INVESTMENT IN UK COMPANIES AND CREATION OF OPPORTUNITIES IN LEFT BEHIND AREAS

53. Supporting more young people to participate not only requires strengthening skills pathways but also ensuring that high-quality economic opportunities exist in the places where they live. One of the most effective ways to achieve this is by encouraging greater investment into UK companies.
54. The Pension Schemes Bill presents an important opportunity to encourage greater investment into UK companies, particularly in left-behind regions, helping to stimulate local economic growth and expand high-quality job and training opportunities for young people. Directing more productive finance into SMEs, net-zero projects and regional ventures could support the creation of apprenticeships and entry-level roles, but this must remain firmly aligned with pension members’ best interests. Government should therefore prioritise increasing the supply of high-quality UK investment opportunities in these regions rather than steering schemes toward specific asset classes and ensure any reserve powers to mandate asset allocation are implemented with strict transparency, oversight and safeguards to mitigate the risks associated with higher-risk or illiquid investments.
55. At the same time, regional needs across the UK are diverse, and although businesses are formed everywhere, access to skills, finance and support varies widely. The Government’s commitment to an “unashamedly place-based” Industrial Strategy provides a further opportunity to unlock regional growth potential and support young people to participate in education, employment and training. This includes aligning local labour-market needs with colleges, universities and training providers, and supporting clusters in sectors that are well-suited to each region, such as green tech, advanced manufacturing, financial services and the creative industries, so that opportunities for young people grow in the places they actually live.