

No. 253/26

23<sup>rd</sup> September 2026

To: All Branches

Dear Colleagues,

## ROYAL MAIL JOINS GOVERNMENTS FIRST CHANCE APPRENTICESHIP SCHEME

The CWU has welcomed Royal Mail's announcement today that it has become one of the major employers to sign up to the Government's new First Chance Apprenticeship scheme for young people. Our support is of course subject to a clearer understanding of the detail of the scheme and how it will be implemented within the company.

Given our ongoing discussions with the Government and Royal Mail over the level playing field initiative, the union had been pressing the company for some time to show their support for the key objectives of the Milburn Report.

We had previously sent an outline proposal to the company for the type of apprenticeship scheme we believe that Royal Mail should implement, including the need for guaranteed jobs, alongside decent pay, terms and conditions.

The union now looks forward to discussing the detail of such a scheme with the company in the coming weeks and reaching an agreed way forward.

In the meantime, we have attached further information about the Milburn Report and why we believe Royal Mail is suited to be a leading supporter of this Government initiative.

Along with the General Secretaries of other Labour affiliated Trade Unions, the CWU met with Alan Milburn last week where we collectively pressed him to ensure that Trade Unions are fully involved in the development of new apprenticeship schemes. As such we are aware that the final recommendations from his report are likely to be published within the next couple of months. Further information on the development of this initiative will be sent out in due course.

Any enquiries on the above LTB should be addressed to the General Secretary's office [dlynch@cwu.org](mailto:dlynch@cwu.org).

Yours sincerely



Dave Ward  
General Secretary



Martin Walsh  
Deputy General Secretary (Postal)



Alan Milburn  
Interim Report and i

## **Alan Milburn Interim Report and implications for apprenticeships in Royal Mail**

### **1. Introduction**

Alan Milburn, former Labour health secretary, was commissioned by the UK government to lead an independent review into rising youth unemployment and NEET (Not in Education, Employment or Training) rates. His interim findings, published on 28<sup>th</sup> May 2026, represent the discovery and diagnostic phase of the review, which will be followed by a 'solution' phase in the autumn 2026.<sup>1</sup>

The following document summarises the headline findings of the interim report. It also briefly outlines how the company and CWU might use Milburn's findings to propose the introduction of a new apprenticeship scheme for 16-18 year olds in Royal Mail.

### **2. Headline summary of the Milburn interim report**

#### **2.1 Scale and nature of the problem**

***"We are at risk of a lost generation. This is a moral crisis with economic consequences"***

- **Nearly one million young people aged 16 to 24** in the United Kingdom are not in education, employment or training. This is one in eight young people and rising.
- **The number could rise to 1.25 million by 2031**, meaning one in six young people may be NEET.
- **The crisis costs the UK £125 billion annually**, exceeding total education spending and nearly doubling the defence budget.
- **The UK now has one of the highest NEET rates among advanced economies.** Other countries have improved which tells us the problem can be solved if we change course.

#### **2.2 A system failure, not an individual failure**

***"Young people overwhelmingly want to work" but are facing a "whole system failure"*** which is not equipping them to make the transition into employment.

- **Education system** - under 50% of young people agree their place of study supported them to develop the skills they need for the future.
- **Welfare system** – benefits are prioritised over employment, with 25 times more spent on benefits than on employment support for young people.
- **Labour market** - fewer entry-level roles are available because mid and lower skilled jobs have fallen by around 1.6 million over the last 20 years. Entry level jobs often require past experience, creating a catch-22 situation. Young people face an 'applications black hole', with their job applications routinely filtered by AI and met with a lack of any response from employers, whilst interviews are often followed by silence.

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<sup>1</sup> [Young people and work: interim report - GOV.UK](#)

- **Health system** – the fragmented health system is configured for treatment, not labour market participation of young people. Rising mental ill-health is a significant barrier, with inadequate treatment and support.

### 2.3 Apprenticeships

There has been a collapse in youth access to apprenticeships.

- **Apprenticeship starts for 16–24 year olds have fallen by 35%** since the Apprenticeship Levy was introduced in 2017.
- **Apprenticeships have drifted away from young people**, as the Apprenticeship Levy has been disproportionately used to fund higher-level apprenticeships for older, existing employees.
- **Level 2 starts have fallen by 68%** since 2017. This is the entry-level provision that matters most for young people outside work.
- **Only 2% of current apprentices were previously NEET**, which shows the system is not functioning as a pathway into work for the young people who need it most.

### 2.4 Recommendations

Alan Milburn will publish a final report in the autumn 2026 with recommendations. Looking ahead to that, the report said:

***“What is no longer credible is to do nothing and hope that economic growth alone will solve the problem.***

***“This review says: enough. Not another programme. Not another pilot. A system. Built around participation. Accountable for outcomes. Permanent in its architecture. With new ladders of opportunity. Funded at a level that treats young people as an investment, not a cost...”<sup>2</sup>***

## **3. Political response**

Government ministers have described the findings as a call to action and said *“that is why this Government are putting work and opportunity at the heart of everything we do”*.<sup>3</sup>

In March 2026, the government announced that any firm who takes on someone aged 18 to 24 who is on benefits and has been looking for a job for six months or more will get a £3,000 grant.<sup>4</sup> They also announced an apprentice incentive of £2,000 for each new employee aged 16-24 taken on by an SME.<sup>5</sup>

Commentators have urged cross party cooperation to address what they call a major social crisis.<sup>6</sup>

<sup>2</sup> Milburn Review, Interim Report, see pages 318-320 for further detail: [Young people and work interim report](#)

<sup>3</sup> [Milburn Review: Interim Report - Hansard - UK Parliament](#)

<sup>4</sup> [Companies offered £3,000 to hire unemployed under-24s - BBC News](#)

<sup>5</sup> [Major employment drive to help unlock 200,000 new jobs and apprenticeships for next generation - GOV.UK](#)

<sup>6</sup> [Mr Milburn’s historic NEET review deserves cross-party support | The Independent](#)

#### **4. Applying the Milburn Interim Report to a Royal Mail apprenticeship proposal**

**Using Milburn's findings, there is a strong policy and commercial case to propose a targeted 16–18 apprenticeship scheme at Royal Mail.**

Milburn shows the UK apprenticeship system is not reaching the young people who need it most. Royal Mail can play a leading role in addressing this through a scaled entry level apprenticeship pathway for 16-18 year olds. This would create jobs, reduce welfare dependency, and secure Royal Mail's future workforce.

##### **4.1 Why Royal Mail is well placed to offer entry level employment**

Royal Mail can position itself as a leading national entry-route employer because it has:

- **A national footprint**, including in deprived areas with high NEET rates
- **A large operational workforce**, offering the potential for a substantial number of apprenticeships
- **A number of suitable job roles** with low initial barriers to entry
- **An ageing employee base in many areas, and a need to bring through younger workers** via structured entry pathways to secure a sustainable workforce for the future.

##### **4.2 Possible key features of a Royal Mail apprenticeship scheme**

**Royal Mail could introduce an apprenticeship scheme with the following features:**

- Focused on 16-18 year olds
- Targeted at young people who are NEET or at risk of NEET
- Starting at Level 2 'Foundation Apprenticeship' with structure progression to Level 3 and permanent roles
- Offers simplified recruitment to address the 'application black hole', with no CV filtering
- Provides school and job centre referrals
- Runs local hiring days aimed at young people.

##### **4.3 Possible government support**

Royal Mail could use Milburn's findings to justify funding from the government in the form of:

- Reallocation of apprenticeship levy toward youth / Level 2
- Targeted subsidy to support wage co-funding for 16–18 recruits
- Support funding for mentoring and pastoral support.

This would help to tackle the disproportionate level of government funding spent on benefits compared with employment support (Currently £25 is spent on benefits for every £1 on work support).

##### **4.4 Benefits for government, Royal Mail and young people**

There are clear business, social and economic benefits to the introduction of a youth apprenticeship scheme in Royal Mail including:

**For government:** Reduced welfare costs; increased labour market participation; higher long-term productivity

**For Royal Mail:** Sustainable entry-level talent pipeline; improved workforce resilience; enhanced ESG and social value credentials.

**For young people:** Access to first job opportunities; improved skills and confidence; avoidance of long-term disengagement and unemployment.