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Apprenticeships, Child Benefit and Universal Credit: exploring the impact of eligibility criteria on living standards and income adequacy

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Youth Futures Foundation is the national What Works Centre for youth employment, with a specific focus on marginalised young people. We want to see an equitable future society where all young people have the opportunity to be in good work.



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Context

Currently in England, Scotland and Northern Ireland, households claiming Child Benefit are unable to continue claiming for a young person over 16 years old who is undertaking an apprenticeship. Where households are receiving Universal Credit (UC), having a young person doing an apprenticeship will result in the loss of the child element of Universal Credit for this young person, impacting overall household income. However, if a young person over 16 years old is in full-time education – for example, studying A levels at Sixth Form – and is also working part time at the weekend or evenings, the household can continue to claim Child Benefit and, if eligible for support through UC, will continue to receive the child element for this young person.

Child Benefit makes a predictable and regular contribution to household income and towards meeting household needs, as does the child element of UC where households are eligible. But what happens when this income is lost when a young person begins an apprenticeship? What is the potential impact on household income and what does this mean for a households' ability to meet their needs? Although households may lose one source of predictable income when a young person starts an apprenticeship, the young person will be earning and could potentially make a contribution that could boost the disposable income of the household. A critical question here though is whether or not a young person's income from an apprenticeship should be included as part of household income? And if so, how much of a contribution is it reasonable to think a young person undertaking an apprenticeship will make to the overall household income?

A related set of questions concern how to treat income earned by a young person over the age of 16 who is studying and also working part time at the weekend or evenings. In essence, these are similar questions to those concerning how to treat income from apprenticeships. However, income from, for example, a part time job during sixth form years, may well be perceived in different ways by the household to that earned through an

apprenticeship. The most straightforward way of treating the young person's income in this context however is to view it as supplementing household income, used to help the household meet the needs of the young person regardless of whether or not they are undertaking an apprenticeship.

The analysis here uses the established Minimum Income Standard (MIS)¹ research to shed light on these questions. MIS sets out what members of the UK public agree households need in order not just to survive, but to live with dignity. It describes a living standard that ensures essential needs are met – food, clothes and shelter – but which also enables people to participate in society. In doing this, it sets an income threshold below which households are unlikely to be able to meet their minimum needs, and are likely to face difficult decisions about what to prioritise. Households with incomes below 75% of MIS face a far greater likelihood of deprivation compared with those whose incomes are above MIS².

In order to look at the impact of young people starting apprenticeships, we have looked at two illustrative case study households: a couple with two children, one primary age and one secondary school age, and a lone parent with two children, one primary age and one secondary school age. With these case study households, we have worked through different scenarios to explore the impact of the loss of Child Benefit and the UC child element on a households' ability to reach MIS. We have assumed here that households are living in a three-bedroom property in the private rented sector and have used the median rent for England, for a property of this size, in 2023.

The different scenarios explored are:

- A couple with two children (primary and secondary) where:
 - the secondary school age young person is in full time education and is not working

¹ <https://www.lboro.ac.uk/research/crsp/minimum-income-standard/>

² Hirsch, D., Padley, M. and Valadez, L. (2016) [A poverty indicator based on a Minimum Income Standard](#). CRSP Working Paper 656. Loughborough: Centre for Research in Social Policy.

- the secondary school age young person is in full time education and also works 10 hours a week, with hourly pay of £7.81 (see Table 2)
 - the secondary school age young person is undertaking an apprenticeship, working 38 hours a week, with hourly pay of £6.25 (see Table 3)
- A lone parent with two children (primary and secondary) where:
 - the secondary school age young person is in full time education and is not working
 - the secondary school age young person is in full time education and also works 10 hours a week, with hourly pay of £7.81 (see Table 2)
 - the secondary school age young person is undertaking an apprenticeship, working 38 hours a week, with hourly pay of £6.25 (see Table 3)

Within each of these scenarios, we have looked at different working patterns in the household. For couples, this entails both parents working full time at the National Living Wage (NLW – £10.42 in 2023), one parent in full time work at NLW and both parents out of work. For the lone parent, this entails full time work at NLW and not currently working. These different working patterns clearly have an impact on the adequacy of household income as well as affecting the amount of support households receive through UC.

In 2023, there were 2,185,230 young people, aged 16-18, in the UK. Of these, 48,495 were in apprenticeships, with the majority of apprentices being aged 18. In contrast, nearly half a million 16-18 year olds had some part time work.

Table 1: Young people in apprenticeships and part-time employment in the UK, 2023³

Age	Number in apprenticeships	% in apprenticeships	Number in part time employment	% in part time employment
16	6,280	0.8%	122,351	16.4%
17	11,669	1.6%	200,109	27.4%
18	30,546	4.3%	175,429	24.7%
Total	48,495	2.2%	497,889	22.8%

There is variation in the median hourly rate for apprenticeships and part time employment across different age groups, with those in part time work, in general, receiving a higher hourly rate than their apprentice peers: while the median hourly rate for an 18 year old in part time employment was £9.25 in 2023, for an 18 year old in an apprenticeship the median hourly rate was just £6.50.

Table 2: All young adults in part-time employment, 2023⁴

Age	Median hours per week	Median hourly pay
16	8	£6.75
17	10	£8.00
18	15	£9.25
Total	10	£7.81

Table 3: All young adults in full time apprenticeships, 2023⁴

Age	Median hours p/w	Median hourly pay
16	38	£5.75
17	38	£6.24
18	38	£6.50
Total	38	£6.25

³ Office for National Statistics. (2024). Annual Population Survey, January - December, 2023. [data collection]. UK Data Service. SN: 9248, DOI: <http://doi.org/10.5255/UKDA-SN-9248-1>

⁴ Office for National Statistics. (2024). Annual Population Survey, January - December, 2023. [data collection]. UK Data Service. SN: 9248, DOI: <http://doi.org/10.5255/UKDA-SN-9248-1>

Household income adequacy – the differential impact of apprenticeships and part-time work in 16-18 year olds

Tables 4 and 5 show the impact of the loss of Child Benefit and the child element of UC on household income relative to MIS. For these illustrative households, working full time on NLW with a secondary school age child in full time education, working part time, covers 90% of MIS for the couple parent household and 80% of MIS for the lone parent household. Where the secondary school aged child is in an apprenticeship – with the consequent loss of support from Child Benefit and UC – a couple parent household in full time work on NLW have only 63% of MIS, while a lone parent household has less than half of what they need to cover their minimum needs (47%). For households where no one is in work, the loss of Child Benefit and the child element of UC, when a young person is in an apprenticeship, results in household incomes covering only between 26-28% of what is needed for a minimum socially acceptable standard of living in contemporary UK. These tables highlight the substantial impact that the loss of Child Benefit and UC support has on income adequacy and the lack of equity in how households with young people of the same age, but with different trajectories through training, employment and education, are currently treated.

Table 4: Proportion of MIS covered by household income for couple with two children (one primary and one secondary)

	% of Minimum Income Standard covered	
	Both parents in full time work at NLW	Neither parent in work
Young person 16-18 in <i>full time education, working 10 hours a week</i>	90%	48%
Young person 16-18 in an <i>apprenticeship</i>	63%	28%

Table 5: Proportion of MIS covered by household income for lone parent with two children (one primary and one secondary)

	% of Minimum Income Standard covered	
	Parent in full time work at NLW	Parent not in work
Young person 16-18 in <i>full time education, working 10 hours a week</i>	80%	54%
Young person 16-18 in an <i>apprenticeship</i>	47%	26%

The figures in Tables 4 and 5 are based on the assumption that the young person in an apprenticeship **and** the young person in full time education, with a part time job, are not making any contribution to household income. This means that the loss of income resulting from a young person undertaking an apprenticeship, as support through Child Benefit and UC is reduced, is not offset by any 'gains' from the young person contributing to the household's costs.

Research by Hill and Hirsch (2019)⁵ explored the impact of young adults living with their parents on household costs and consequently on what is needed for a minimum standard of living. Although there was no consensus about the amount that young people could reasonably be expected to contribute to

⁵ Hill, K. and Hirsch, D. (2019) [Family sharing – a minimum income standard for people in their 20s living with parents](#). Loughborough: Centre for Research in Social Policy.

household costs, there was agreement that a contribution to 'board' in these circumstances was a reasonable expectation. Those parents and young adults involved in the research were clear that the level of contribution to household costs made by the young adult would be affected by the broader financial circumstances of the household, as well as by the attitudes and ability of parents to financially help their children. This research was focused on 20-30 year olds living with parents, but the principle that young adults living with parents, who are either working part time or in an apprenticeship, could be expected to make a contribution, seems a reasonable one.

One of the suggestions for calculating the level of contribution from young adults emerging from this research was based on covering the cost of 25% of the weekly food shop and 15% of household bills. For the illustrative households explored here, this would result in a contribution of £56.23 a week in the couple parent household and £44.61 in the lone parent household.

In the households with an apprentice, this contribution would more than compensate for the loss of Child Benefit which amounts to £15.90 each week; in the households with a young person in full time education with a part time job, this would boost income adequacy.

Tables 6 and 7 show what difference this level of contribution from a young person in full time education, but with a part time job, could make to the adequacy of household income relative to MIS.

Table 6: Proportion of MIS covered for couple with two children (one primary and one secondary), with and without contribution from young person

	% of Minimum Income Standard covered	
	Both parents in full time work at NLW	Neither parent in work
Young person 16-18 in full time education, working 10 hours a week, <i>no contribution to household costs</i>	90%	48%
Young person 16-18 in full time education, working 10 hours a week, £56.23 contribution to household costs	96%	53%

Table 7: Proportion of MIS covered for lone parent with two children (one primary and one secondary), with and without contribution from young person

	% of Minimum Income Standard covered	
	Parent in full time work at NLW	Parent not in work
Young person 16-18 in full time education, working 10 hours a week, <i>no contribution to household costs</i>	80%	54%
Young person 16-18 in full time education, working 10 hours a week, £44.61 contribution to household costs	85%	59%

The income of households where parents are in full time work, and where a young person aged 16-18 is in full time education and with a part time job, is not impacted by the loss of Child Benefit and UC, as those households with an apprentice are. A contribution from the young person with part time employment increases the adequacy of household income, relative to MIS, for both the couple and lone parent households analysed here. Because there is no loss of financial support for the 16-18 year old young person, this boost to income moves households closer to MIS than it does in households with a 16-18 year old apprentice. For the couple parent household, a

contribution from a young person in education, with a part time job, means that the household income covers 96% of MIS – where there is an apprentice in the household, even where they are making the same level of contribution, household income covers 88% of MIS. In the lone parent household, the contribution from the young person in education, with a part time job, results in household income covering 85% of MIS – where there is an apprentice in the household, making a contribution to costs, household income covers only 76% of MIS.

This is not to downplay the positive difference that a contribution from the young person in an apprenticeship could make to the adequacy of household income relative to MIS (Tables 8 and 9), although the illustrative households are still below the income needed for a minimum socially acceptable standard of living. This level of contribution from the young person would leave the young person with income that could be used to cover additional costs that may arise as a result of undertaking an apprenticeship: based on the median hourly rate for apprentices aged 16-18, working 38 hours a week, in the couple parent household, the young person would be left with £181.27 each week, while in the lone parent household they would be left with £192.89.

Table 8: Proportion of MIS covered for couple with two children (one primary and one secondary), with and without contribution from young person

	% of Minimum Income Standard covered	
	Both parents in full time work at NLW	Neither parent in work
Young person 16-18 in an apprenticeship, <i>no contribution to household costs</i>	63%	28%
Young person 16-18 in an apprenticeship, £56.23 <i>contribution to household costs</i>	88%	53%

Table 9: Proportion of MIS covered for lone parent with two children (one primary and one secondary), with and without contribution from young person

	% of Minimum Income Standard covered	
	Parent in full time work at NLW	Parent not in work
Young person 16-18 in an apprenticeship, <i>no contribution to household costs</i>	47%	26%
Young person 16-18 in an apprenticeship, £44.61 <i>contribution to household costs</i>	76%	55%

This level of contribution would have a positive impact on income adequacy, but there remain important questions about what constitutes a reasonable level of contribution, and whether or not young people should be making a more substantial contribution in order to improve the living standards of their household as a whole. For example, is it reasonable to expect that a young person in an apprenticeship should make a contribution to household income that would ensure that the household, as a whole, reached a minimum acceptable standard of living? Tables 10 and 11 set out what this would mean for the young person and their disposable income. In the

example couple parent household, with both parents working full time at the NLW, the young person would need to contribute £171.57 each week to 'top-up' household income to the level of MIS. This would leave the young person £65.93 each week to meet their own, additional needs.

Table 10: Proportion of MIS covered for couple with two children (one primary and one secondary), with different levels of contributions from young adult

Both parents in full time work at NLW		
	% of Minimum Income Standard covered by household income	Income remaining for young person
Young person 16-18 in an apprenticeship, <i>no contribution to household costs</i>	63%	£237.50
Young person 16-18 in an apprenticeship, <i>£56.23 contribution to household costs</i>	88%	£181.27
Young person 16-18 in an apprenticeship, <i>contribution to household income required to reach MIS (£171.57)</i>	100%	£65.93

In a lone parent household, with the parent working full time at NLW, even if the young person contributed all of their income each week (£237.50) – leaving them no resource to meet any of their additional needs – the household would still fall just short of reaching MIS.

Table 11: Proportion of MIS covered for lone parent with two children (one primary and one secondary), with different levels of contributions from young person

Parent in full time work at NLW		
	% of Minimum Income Standard covered by household income	Income remaining for young person
Young person 16-18 in an apprenticeship, no contribution to household costs	47%	£237.50
Young person 16-18 in an apprenticeship, £44.61 contribution to household costs	76%	£192.89
Young person 16-18 in an apprenticeship, contributing all of their income (£237.50) to household income	99%	£0.00

A number of key observations emerge from this analysis:

- The loss of Child Benefit for the eldest child when they are undertaking an apprenticeship does not, by itself, have a substantial impact on income adequacy relative to the MIS threshold for case study households. In the illustrative households set out here, this results in a loss of £15.90 each week
- The loss of the child element of UC has a more substantial impact on income adequacy, as this is a greater amount than Child Benefit. For all households with an apprentice looked at here, this is a loss of £62.04 each week.
- In combination, the loss of Child Benefit **and** UC support has a substantial impact on income adequacy, highlighting the lack of equity in how households with young people of the same age, but with different trajectories through employment, education and training, are currently treated.
- This loss of predictable income could impact household decisions about a young person's route through employment, education and training, and could be a potential barrier to young people pursuing an apprenticeship.
- If the young person in an apprenticeship were to keep all of their income each week, making no contribution to household costs, the fall in income

adequacy, relative to MIS, for these case study households with an apprentice is substantial. A couple parent household with a young person in an apprenticeship and a primary school aged child, where both parents are in full time work at NLW, have a household income covering 63% of MIS, compared to an income covering 90% of MIS for the same household where the young person is in full time education, with a part time job.

- However, if the young person in an apprenticeship makes a contribution to household costs equivalent to 25% of the weekly food shop and 15% of household bills, this offsets much of this loss, increasing the proportion of a minimum living standard covered by the household income.
- In the illustrative couple parent household, the young person in an apprenticeship could make a contribution to household costs which would result in a household income that fully met their minimum needs. In the example here, this would mean a weekly contribution of £181.27. Based on median hourly rates for different ages of apprentices, this would leave a 16 year old apprentice with £37.23 each week, a 17 year old with £55.85 each week and an 18 year old with £65.73 each week.
- For the lone parent household, even if the young person made a contribution of all of their income (£237.50 each week) the household would still fall just short of meeting a minimum living standard. Based on median hourly rates for different ages of apprentices even an 18 year old apprentice would fall short of enabling then household to reach MIS by £0.29.
- The loss of Child Benefit does not emerge as the key challenge here, given the greater loss of the child element of UC (where families are receiving this). The key questions relate to:
 - the expectations and assumptions about what it is reasonable to expect a young person in an apprenticeship to contribute to household costs
 - the rates of pay for apprenticeships relative to part-time work, undertaken by 16 to 18 year olds

Appendix: detailed calculations of weekly household income for illustrative households

A couple with two children (primary and secondary) where the secondary school age young person is in full time education and is not working.

£ per week, 2023		Both parents in full time work NLW (private rent)	One parent in full time work NLW (private rent)	Neither parent in work (private rent)
Household income		968.53	763.11	449.20
	<i>Pre-tax earnings</i>	781.50	390.75	0.00
	<i>Child Benefit</i>	39.90	39.90	39.90
	<i>Council-tax support</i>	0.00	0.00	25.74
	<i>Universal Credit</i>	147.13	332.46	383.56
Tax, NI and pensions		117.24	58.62	0.00
	<i>Income Tax</i>	59.88	29.94	0
	<i>NI</i>	35.70	17.85	0
	<i>Pensions</i>	21.66	10.83	0
Net household income		851.29	704.49	449.20
MIS requirement		944.92	944.92	944.92
% of MIS covered		90%	75%	48%
Shortfall/surplus		-93.63	-240.43	-495.72

A couple with two children (primary and secondary) where the secondary school age young person is in full time education and also works 10 hours a week, with hourly pay of £7.81

£ per week, 2023	Both parents in full time work NLW (private rent)	One parent in full time work NLW (private rent)	Neither parent in work (private rent)
Household income (exc. contribution)	968.53	763.11	449.20
<i>Pre-tax earnings</i>	781.50	390.75	0.00
<i>Child Benefit</i>	39.90	39.90	39.90
<i>Council-tax support</i>	0.00	0.00	25.74
<i>Universal Credit</i>	147.13	332.46	383.56
<i>Young person's income</i>	78.10	78.10	78.10
Tax, NI and pensions	117.24	58.62	0.00
<i>Income Tax</i>	59.88	29.94	0.00
<i>NI</i>	35.70	17.85	0.00
<i>Pensions</i>	21.66	10.83	0.00
Contribution to household costs ⁶	56.23	56.23	56.23
Net household income	907.52	760.72	505.43
MIS requirement	944.92	944.92	944.92
% of MIS covered (inc. contribution to household costs)	96%	81%	53%
Shortfall/surplus (inc. contribution to household costs)	-37.41	-184.21	-439.50
% of MIS covered (exc. contribution to household costs)	90%	75%	48%
Shortfall/surplus (exc. contribution to household costs)	-93.63	-240.43	-495.72

⁶ 25% of weekly food shop and 15% of household bills (water, electricity/gas and council tax)

A couple with two children (primary and secondary) where the secondary school age young person is undertaking an apprenticeship, working 38 hours a week, with hourly pay of £6.25. **Child Benefit not being received and UC child element lost for secondary school age young person**

£ per week, 2023	Both parents in full time work NLW (private rent)	One parent in full time work NLW (private rent)	Neither parent in work (private rent)
Household income (exc. apprentice income)	890.59	685.17	449.20
<i>Pre-tax earnings</i>	781.50	390.75	0.00
<i>Child Benefit</i>	24.00	24.00	24.00
<i>Council-tax support</i>	0.00	0.00	25.74
<i>Universal Credit</i>	85.09	270.42	399.46
<i>Apprenticeship income</i>	237.50	237.50	237.50
Tax, NI and pensions	117.24	58.62	0.00
<i>Income Tax</i>	59.88	29.94	0.00
<i>NI</i>	35.70	17.85	0.00
<i>Pensions</i>	21.66	10.83	0.00
Apprentice contribution to household costs ⁷	56.23	56.23	56.23
Net household income (inc. contribution)	829.58	682.78	505.43
MIS requirement	944.92	944.92	944.92
% of MIS covered (inc. contribution to household costs)	88%	72%	53%
Shortfall/surplus (inc. contribution to household costs)	-115.35	-262.15	-439.50
% of MIS covered (exc. contribution to household costs)	63%	47%	28%
Shortfall/surplus (exc. contribution to household costs)	-352.85	-499.65	-677.00

⁷ 25% of weekly food shop and 15% of household bills (water, electricity/gas and council tax)

Apprenticeships, Child Benefit and Universal Credit

A lone parent with two children (primary and secondary) where the secondary school age young person is in full time education and is not working

£ per week, 2023	Parent in full time work NLW (private rent)	Parent not in work (private rent)
Household income	717.24	442.76
<i>Pre-tax earnings</i>	390.75	0.00
<i>Child Benefit</i>	39.90	39.90
<i>Council-tax support</i>	0.00	19.30
<i>Universal Credit</i>	286.59	383.56
Tax, NI and pensions	58.62	0.00
<i>Income Tax</i>	29.94	0.00
<i>NI</i>	17.85	0.00
<i>Pensions</i>	10.83	0.00
Net household income	658.62	442.76
MIS requirement	822.83	822.83
% of MIS covered	80%	54%
Shortfall/surplus	-164.21	-380.07

A lone parent with two children (primary and secondary) where the secondary school age young person is in full time education and also works 10 hours a week, with hourly pay of £7.81.

£ per week, 2023	Parent in full time work NLW (private rent)	Parent not in work (private rent)
Household income (exc. contribution)	717.24	442.76
<i>Pre-tax earnings</i>	390.75	0.00
<i>Child Benefit</i>	39.90	39.90
<i>Council-tax support</i>	0.00	19.30
<i>Universal Credit</i>	286.59	383.56
<i>Young person's income</i>	78.10	78.10
Tax, NI and pensions	58.62	0.00
<i>Income Tax</i>	29.94	0.00
<i>NI</i>	17.85	0.00
<i>Pensions</i>	10.83	0.00
Contribution to household costs ⁸	44.61	44.61
Net household income	703.23	487.37
MIS requirement	822.83	822.83
% of MIS covered (inc. contribution to household costs)	85%	59%
Shortfall/surplus (inc. contribution to household costs)	-119.60	-335.46
% of MIS covered (exc. contribution to household costs)	80%	54%
Shortfall/surplus (exc. contribution to household costs)	-164.21	-380.07

⁸ 25% of weekly food shop and 15% of household bills (water, electricity/gas and council tax).

A lone parent with two children (primary and secondary) where the secondary school age young person is undertaking an apprenticeship, working 38 hours a week, with hourly pay of £6.25. **Child Benefit not being received and UC child element lost for secondary school age young person**

£ per week, 2023	Parent in full time work NLW (private rent)	Parent not in work (private rent)
Household income (exc. apprentice income)	639.13	408.21
<i>Pre-tax earnings</i>	390.75	0.00
<i>Child Benefit</i>	24.00	24.00
<i>Council-tax support</i>	0.00	19.30
<i>Universal Credit</i>	224.38	364.91
<i>Apprenticeship income</i>	237.50	237.50
Tax, NI and pensions	58.62	0.00
<i>Income Tax</i>	29.94	0.00
<i>NI</i>	17.85	0.00
<i>Pensions</i>	10.83	0.00
Apprentice contribution to household costs ⁹	44.61	44.61
Net household income (inc. contribution)	625.12	452.82
MIS requirement	822.83	822.83
% of MIS covered (inc. contribution to household costs)	76%	55%
Shortfall/surplus (inc. contribution to household costs)	-£197.71	-£370.01
% of MIS covered (exc. contribution to household costs)	47%	26%
Shortfall/surplus (exc. contribution to household costs)	-£435.21	-£607.51

⁹ 25% of weekly food shop and 15% of household bills (water, electricity/gas and council tax).

About the Author

Professor Matt Padley is Co-Director of the Centre for Research in Social Policy (CRSP). CRSP is an independent research centre based in the School of Social Sciences at Loughborough University. Over the past 40 years, CRSP has built a national and international reputation for high quality applied policy research.

Over recent years, Matt has pioneered work on retirement living standards in the UK, as well as leading research on living standards in London for the past decade. He works across the established Minimum Income Standards (MIS) programme undertaken by CRSP, focusing in particular on the application and development of MIS in the UK and globally. His research centres on public conceptions and understanding of living standards, and how these can be used to inform and develop public and social policy.

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