Labour’s Milburn plan to axe benefits for UK’s young disabled people is “tip of the iceberg” of welfare onslaught

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Britain’s Labour government last week endorsed a report by former health secretary Alan Milburn that would abolish sickness and disability benefits for under-25s. Presented as the rescue of a “lost generation” by encouraging a return to work, the plan is a template for welfare cuts reaching far beyond the young generation.

Milburn’s 278-page review, “From a Welfare State to a Working State”, addresses the nearly one million 16- to 24-year-olds—13 percent of the age group—who are not in education, employment or training (NEET). Prime Minister Andy Burnham’s cabinet endorsed its principles hours after publication, and Milburn was made chair of a new Youth Opportunities Unit reporting directly to Burnham.

Under his proposals, under-25s would no longer be able to claim the health element of the Universal Credit benefit, worth up to £429.80 a month, or Personal Independence Payment (PIP), worth up to £194.60 a week. They would instead receive a “Youth Allowance” set at the same monthly rate as the standard Universal Credit allowance for a single person aged under 25— £338.58 a month, or about £78 a week—the *Financial Times* reported.

PIP would be replaced for under-25s by an “Additional Cost Allowance” for disability costs, but only if they are deemed “well established, significant, and ongoing.” A “Severe and Complex Needs Insurance” would be reserved for those who “will likely never be able to work.”

The Institute for Fiscal Studies (IFS) notes that 390,000 18- to 24-year-olds in England and Wales receive a health-related benefit, averaging £9,500 a year. It concluded that “many of those with less severe disabilities would be likely to see large income losses initially.” The *Guardian*’s Patrick Butler calculated that a young disabled claimant on a £2,000 benefit income would have it replaced with £339 a month.

Stating that implementing his policies will not be “pain-free”, Milburn told the BBC, “I fully accept that it’s possible that young people, some young people, may lose some money in the short-term.”

Payment would be conditional on a “duty to engage”. A young person who does not “should ultimately lose their Youth Allowance benefit,” the report states. “A deal without consequences is not a deal.” At his press conference, Milburn said it should no longer be assumed that young people with anxiety or ADHD cannot work, as he attacked a “cash for diagnosis” culture in private clinics.

Last year, Labour backbench opposition forced Burnham’s predecessor Sir Keir Starmer to retreat on £5 billion in disability cuts. It was this, along with his failure to increase military spending far above its present level of under 3 percent of GDP, that convinced the ruling elite to engineer his removal and replacement with Burnham.

There is no democratic mandate for forcing millions off benefits into cheap labour schemes. Milburn has not faced an electorate since leaving Parliament in 2010, holds no ministerial office and when authoring his report was not a member of the government in any capacity. Yet this unelected figure is now being lauded for plans that will pauperise millions of young people, and has been installed at the centre of government to oversee its implementation.

Milburn served as Tony Blair’s health secretary from 1999 to 2003. Since November 2024 he has been lead non-executive director at the Department of Health and Social Care. The department’s register of interests lists him as a shareholder in and adviser to private equity firm Bridgepoint Capital, an adviser to PwC, a shareholder in Huma Therapeutics and majority shareholder in AM Strategy Ltd.

Under Milburn’s plan, welfare savings would begin in 2029/30 and reach £3.6 billion a year by 2036/37. In budget terms the sum is small: less than 1 percent of the £431.3 billion that the Office for Budget Responsibility projects for total welfare spending in 2030–31. The plan’s real significance lies in the precedent it sets.

As the report’s title, “From a Welfare State to a Working State”, makes clear, it begins a 10-year strategy to dismantle the welfare state. The British ruling class—mired in debt, with its global standing vastly denuded—never reconciled itself to the welfare provision, which it conceded after 1945 out of fear of social revolution.

Milburn’s proposals are hailed in ruling circles because they

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are not intended to stop at those aged under 25. The report describes the removal of around 600,000 young people from the welfare rolls as “just the tip of a far bigger potential iceberg” and urges ministers to “act with urgency” on over-25s. Burnham told the *Times* after backing Milburn’s report, “I think the same philosophy could apply right through the age range.”

This “workfare” plan is a bonanza for employers. Firms would receive a government subsidy of between £3,000 and £7,000 for each young person hired after six months out of work. The salary threshold at which employers start paying National Insurance for 21- to 24-year-olds would double from £5,000 to £10,000, starting in retail and hospitality. The Recruitment and Employment Confederation said the National Insurance cut was “right in the sweet spot of what firms need to hit the hire button.”

The corporations are to be sated further with Milburn urging “caution” over raising the youth minimum wage to the adult rate, pointing to the Netherlands, where the youth minimum wage starts at about 30 per cent of the adult rate at age 15—as low as €4.50 an hour gross—and rises to 80 per cent by age 20.

The report itself lists previous youth poverty pay schemes—the Youth Training Scheme, New Deal, Future Jobs Fund and Kickstart—declaring that “none of them lasted.” The YTS, introduced in 1983 under Margaret Thatcher, was central to the aim she described as “rolling back the frontiers of socialism”. Trainees were paid just £25 a week: roughly 62p an hour for a 40-hour week.

Conservative leader Kemi Badenoch agreed with Milburn’s “diagnosis”. Reform UK leader Nigel Farage backed “the general drift” but said it was “too little and too slow.”

The *Times* declared as the report was published: “This was the easy bit. Now MPs have to be sold on tough cuts.” This was the reason that Burnham was welcomed into office by the ruling elite after declaring he would not be squeamish about welfare cuts to fund a vast rise in military spending.

Burnham proceeded with the Milburn report knowing that those Labour MPs who refused to back Starmer’s proposed cuts were now on board—based on Burnham’s worthless pledge not to introduce “crude cuts” à la the Tories but to carry it out the “Labour way” by creating jobs.

Former Labour “soft-left” rebels fell into line, with work and Pensions Committee chair Debbie Abrahams calling it the “opportunity of a generation.” Patrick Hurley, a self-styled “staunch socialist”, declared “there will be some pain.”

While stating that “thousands of young people will be forced into poverty” by removing PIP, Labour MP Richard Burgon, the chair of its Socialist Campaign Group caucus, said there was “a lot to welcome” in the report.

The crisis Milburn describes is not the product of a benefits “trap” but a lack of jobs. Britain’s NEET rate has stayed above 10 percent for most of the past 25 years. According to the IFS, there are 2.4 jobseekers for every vacancy, up from one in 2022. Six in 20 NEETs have never had a job, and about half (over 400,000) claim no benefits at all.

This dire situation facing under 25s in Britain is part of a global crisis. Worldwide, the NEET rate has risen to 20 percent, meaning 257 million young people are neither working nor in education or training.

Across the advanced economies, entry-level jobs are being eliminated through automation and artificial intelligence, deployed by corporations to cut labour costs and boost profits. Under capitalism, technology that could lighten the burden of work is used to throw young people onto the scrapheap. The same governments that claim there is no money for the young find tens of billions for military spending and to arm Ukraine to fight a war against Russia.

The Milburn review shows that the ruling class has no answer to this crisis except to intensify exploitation. The working class must reject the entire welfare framework, which is used to pit older and taxpaying workers against unemployed youth.

Every young person who cannot work, or who needs support, must receive it in full. The financial cost of unemployment—with real youth levels of joblessness at around 15 percent—should be placed on the employers and the corporations responsible for it, not the working class.

Ultimately, securing a good living for all and work for everyone who can requires a socialist programme. It means reorganising production to meet social need, not private profit, and using new technologies, including AI, to shorten the working day with no loss of pay, creating secure, well-paid jobs for all. The vast wealth concentrated in the hands of a financial oligarchy must be expropriated and placed under the democratic control of the working class.

The future of the young generation depends on building an independent political movement of the working class, in Britain and internationally, against the Labour government and the capitalist system it defends.



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