

Never ever

Exploring the increase in people who've
never had a paid job

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Summary

Given the good news of employment rising to record-high levels in recent years, the fact that the proportion of the working-age population that has never had a paid job has also increased appears surprising. 8.2 per cent of people aged 16-64 in the UK today (3.4 million people in total) have never had a paid job (besides casual and holiday work). While lower than the 2013 high-point, this is a 52 per cent increase since 1998, when 5.4 per cent had never worked.

This briefing note explores why this paradox of more 'working nows' alongside more 'worked nevers' has come to pass. One commonly asserted explanation – that a generous welfare system has increasingly allowed families to choose a life of worklessness – is very wide of the mark. Household worklessness is at record lows and the generosity of out-of-work benefits has declined over recent decades.

Rather than the workshy families this explanation conjures up, 60 per cent of 16-64 year olds who have never worked are young students. But the rise in people who have never worked can't be explained just by rising student numbers, demonstrated by the fact that the likelihood of never having worked has increased for 25+ year olds who are not currently studying.

Instead, the growth in the proportion of people who have never worked reflects changes in the lifecycle journey from education to employment, in particular a reduction in 'earning while learning'. Three key shifts are evident:

- **The death of the teenage Saturday job:** The employment rate of 16-17 year olds has virtually halved over the past two decades – from 48.1 per cent in 1997-99 to 25.4 per cent in 2017-19. Increased participation in education only explains a small part of this decline – two-thirds of the fall is driven by a declining employment rate among 16-17 year olds studying full time at school or college.
- **Less work at college or university:** In addition, there has been a sharp fall in the employment rate of 18-24 year olds in further and higher education. There has been a 25 per cent fall in the employment rate of 18-19 year olds studying for degrees from the early 2000s peak, a 15 per cent fall among 20-21 year old university students, and a 33 per cent fall among 18-19 year olds studying for non-degree qualifications.
- **A longer journey from education to employment:** A lesser, but still important, part of the explanation is that getting a first paid job after completing full-time education takes longer than it used to. In the late 1990s, 56 per cent of young education leavers who had never previously worked got a paid job within the first year after leaving. Today that figure has fallen to 44 per cent.

It could be argued that these trends are natural, simply pushing up the age at which people get their first job in the face of longer working lives. The challenge, however, is that some people experience things that make them much less likely to work in the longer term in early adulthood, effectively 'locking in' a lack of paid work experience for those who have not had any up to that point. This is particularly true for women with children (the proportion of 25-39 year old mothers who have never worked has increased from 3.3 per cent in the late 1990s to 6.5 per cent today), and men with health problems (the proportion of 25-39 year olds in this group who have never worked has increased from 4.8 to 7.6 per cent). The latter is particularly concerning given big increases in the incidence of health problems (particularly mental health problems) among young adults.

Policy makers should pay more attention to the factors that have driven a rising likelihood of working-age adults in Britain never having had a paid job. Rather than cutting benefits, they should consider the extent to which earning while studying is encouraged (given evidence that, if not excessive, doing so improves long-term educational and labour market outcomes); the systems that support education-to-work transitions; and the factors driving the growth in ill-health among younger working-age adults. Lazy interpretations related to workshy Brits are very far wide of the mark. Instead, the rise in the proportion of working-age adults who have never had a paid job is above all a story about the complex choices many young people are facing in trying to get the most out of their education.

Despite record employment, the proportion of the working-age population that has never worked is close to its all-time high

Britain's employment boom has been the labour market's consistent good news story over the past decade, the flipside to the very poor performance of pay. The 16-64 year old employment rate stands at a record-high 76.2 per cent, over 3 percentage points higher than its peak before the financial crisis over a decade ago. Granted, there are some caveats to this good news story in terms of the levels of insecurity and atypical working that have endured alongside it,¹ and the fact that it was in a large part a response to very weak income growth.² But UK's jobs boom nonetheless remains impressive.

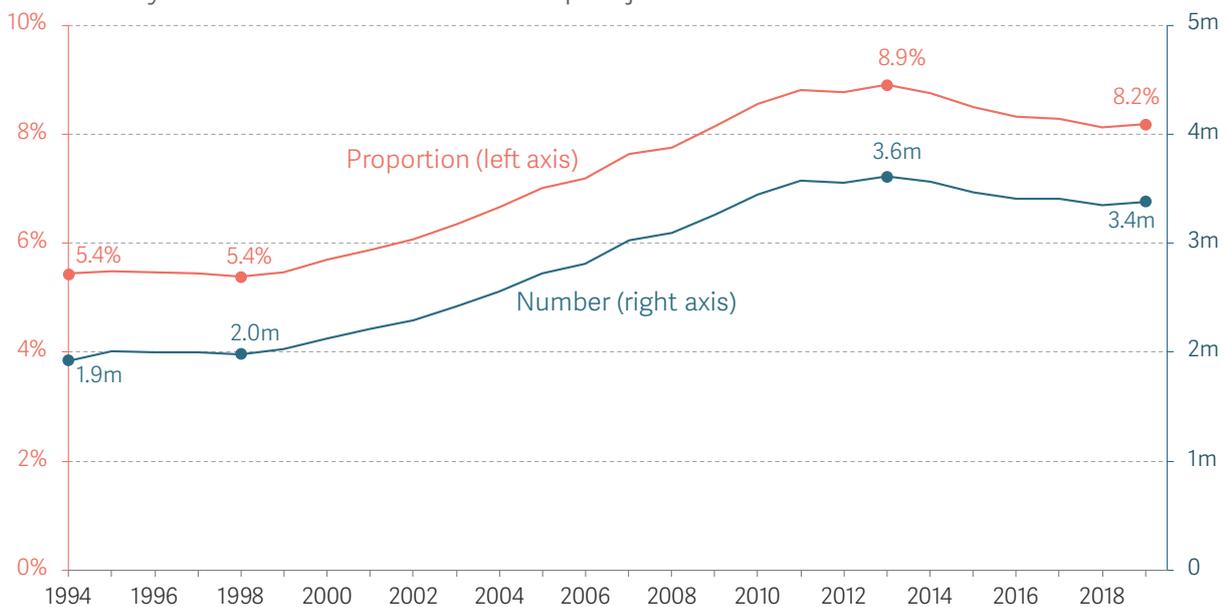
In this context, it is surprising that the Office for National Statistics (ONS) recently reported that millions of working-age adults have never had a paid job (apart from casual

1 S Clarke & N Cominetti, [Setting the record straight: How record employment has changed the UK](#), Resolution Foundation, January 2019

2 T Bell & L Gardiner, [Feel poor, work more: Explaining the UK's record employment](#), Resolution Foundation, November 2019

and holiday work),³ a group that has grown over the past decade.⁴ Our own analysis, summarised in Figure 1, confirms that both the number and proportion of working-age adults who have never had a paid job began rising in the late 1990s, peaking in 2013 and then falling back gradually to 3.4 million working-age adults (8.2 per cent of this group) in 2019. As such, the likelihood of never having worked has increased by 52 per cent since 1998.

FIGURE 1: **Three-and-a-half million working-age adults have never worked**
16-64 year olds who have never had a paid job: UK



NOTES: Previous paid jobs exclude casual and holiday work.

SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

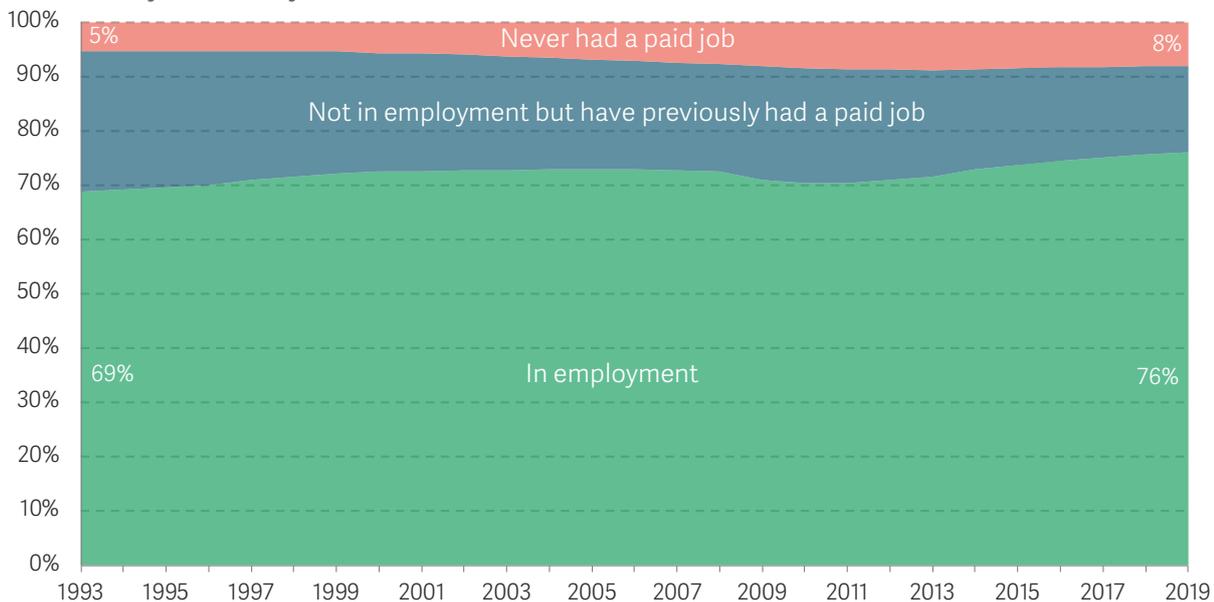
Figure 2 illustrates the paradox in question. While employment has grown, so too has the proportion of the working-age population that has never had a paid job. Over the past two decades, work has therefore polarised between the 'haves' and the 'have nevers'. This means that today one-third of workless working-age adults has never done paid work, compared to one-fifth in the late 1990s.

³ Unavoidably, the Labour Force Survey variable that captures whether people have ever had a paid job excludes casual and holiday work, and the variable that captures whether people have ever done casual or holiday work is not available on the public-access datasets. Therefore, measures of people who have never had a paid job throughout this analysis exclude any past casual or holiday work. In addition, an investigation of the longitudinal Labour Force Survey datasets suggests a degree of response error on this question – respondents changing from having worked to never having worked between quarters, for example. This is understandable given this question involves long-term recall, and it is not so common a phenomenon as to invalidate aggregate analysis of this variable. But for this reason, we do not include any longitudinal analysis of people moving into or out of the never worked group.

⁴ Our estimates of the number and proportion of people who have never had a paid job are slightly lower than the ONS's, because we make use of the Labour Force Survey in this analysis (which has a smaller sample but more variables) rather than the Annual Population Survey that the ONS used. See: Office for National Statistics, [Despite record employment, nearly 10% of adults have never done paid work](#), February 2019

FIGURE 2: The group of people who has never worked has grown, alongside rising employment

16-64 year olds by work status: UK



NOTES: Previous paid jobs exclude casual and holiday work. A very small minority of the group that has never had a paid job is also 'in employment' according to the International Labour Organisation definition, for example due to being on a government scheme. Here we classify those people as in employment rather than as having never had a paid job. Covers Great Britain only prior to 1994.

SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

It is important to understand why these two outcomes – higher employment and a higher likelihood of never having worked – have emerged concurrently, particularly because some of the reasons commonly asserted are very wide of the mark.

Lazy interpretations about a growing group languishing on benefits are wrong – most people who have never worked are young students

What explains this increase? A 2013 publication on the same theme was met with claims in the media that this was evidence of: "Lazy Britain...[showing] the scale of the problem facing British welfare system, which has been criticised for allowing jobless people to be better off than those in work."⁵ Others reported that "The shocking figure highlights the massive problem that Britain's much-maligned welfare system has to contend with. The huge number of able-bodied adults who have never been on a payroll costs the taxpayer billions of pounds a year."⁶ Such statements echoed narratives about the scourge of household worklessness as a result of a dysfunctional welfare system that were common in the late 2000s and early 2010s, when the coalition government was designing Universal Credit as a response to this perceived problem.

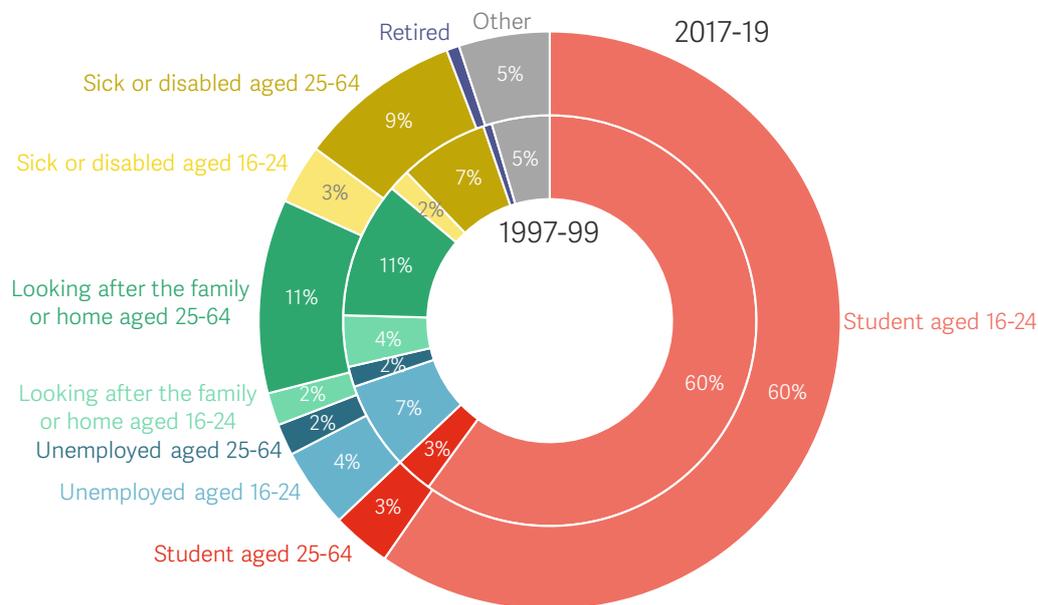
⁵ E Davies, 'Lazy Britain uncovered: How FOUR MILLION adults have never worked in their lives', Daily Mail, February 2013

⁶ R Senley, 'Four million adults have never had job', Express, February 2013

As Full Fact pointed out at the time and as the ONS has been careful to highlight in its most recent publication,⁷ these interpretations of the group of adults who have never worked are likely to be wide of the mark. For one thing, even in 2013 household worklessness had been falling for years, and claims that the welfare system's generosity was increasingly tilted towards financially supporting worklessness never held any weight. Moreover, the generosity of benefits has fallen dramatically over the past decade, particularly for large families and workless households.⁸

FIGURE 3: The composition of the never worked hasn't changed much over the past two decades

People who have never had a paid job, by age and economic status: UK



NOTES: Previous paid jobs exclude casual and holiday work. These categories are assigned hierarchically from the student group clockwise, so, for example, the unemployed group excludes students. While the 'student' category includes some unemployed people, the 'looking after the family or home', 'sick or disabled', 'retired' and 'other' categories are subsets of the economically inactive.
 SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

More pertinently, the majority of 16-64 year olds who have never had a paid job are not the workshy families these descriptions conjure up, but rather young students. Most of the rest are economically inactive due to family caring reasons or sickness and disability (so not necessarily 'able-bodied'). Only 6 per cent are unemployed. The make-up of the never worked group is set out in Figure 3, which also shows that its composition hasn't changed a great deal over the past two decades based on these broad economic activity categories. The only notable changes have been a fall in the proportion of people who've never had a paid job who are young and unemployed, and an increase in the proportion

⁷ Full Fact, 'How many people have never worked in their lives?', February 2013

⁸ L Gardiner, 'The shifting shape of social security: Charting the changing size and shape of the British welfare system', Resolution Foundation, November 2019

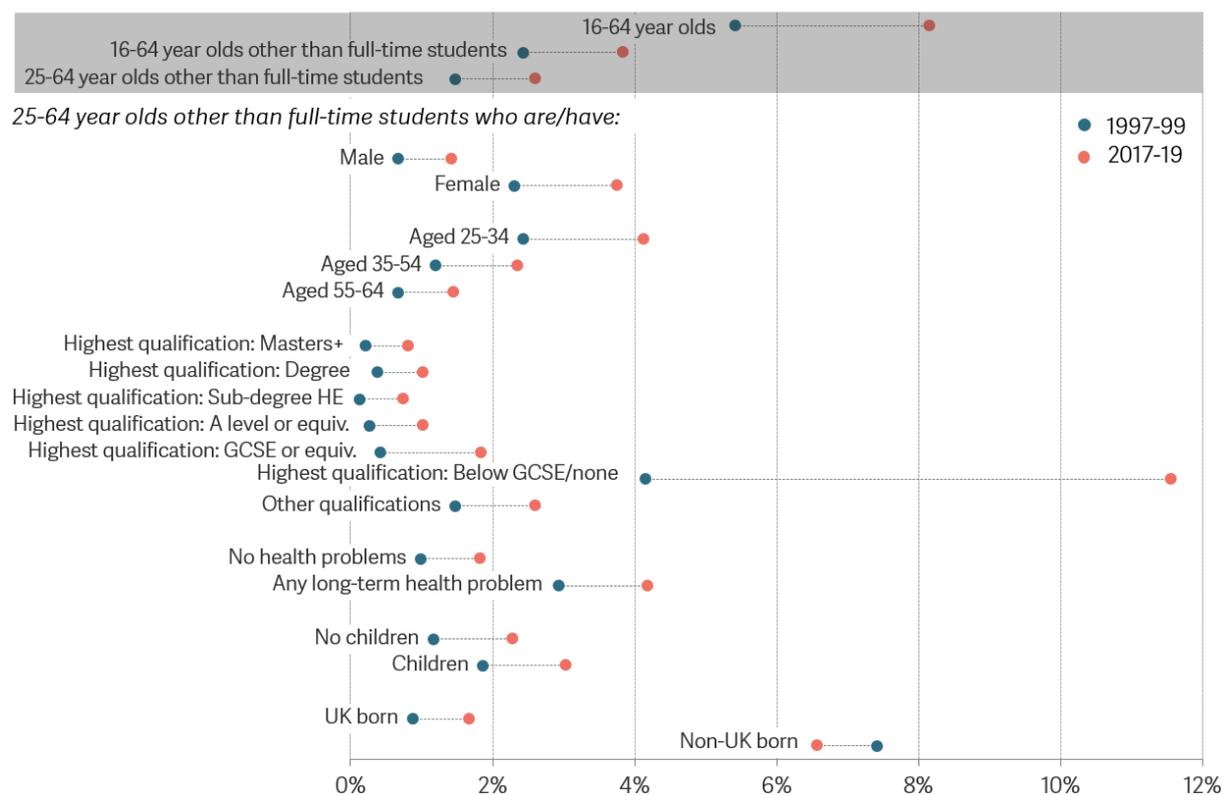
that is economically inactive due to sickness or disability among older working-age adults in particular.

But the rise in people who have never worked is broad-based and can't be explained just by rising student numbers

But if these broad groupings haven't shifted very much over two decades, and if welfare-related explanations appear to have little to offer, then why is the proportion of working-age adults who have never worked over 50 per cent higher than it was in 1998? The ONS's recent article pointed to an increase in students as an explanation for the rise over the past decade.⁹ As illustrated by Figure 3 above, students have always been, and remain, the single largest component of the never worked group. But while the proportion of the working-age population who are students has continued to increase over this period, this can't be the only factor driving the longer-term rise in those who have never worked, for two reasons.

FIGURE 4: The likelihood of never having had a paid job has risen across almost all groups

Proportion of the population that has never had a paid job, by characteristic: UK



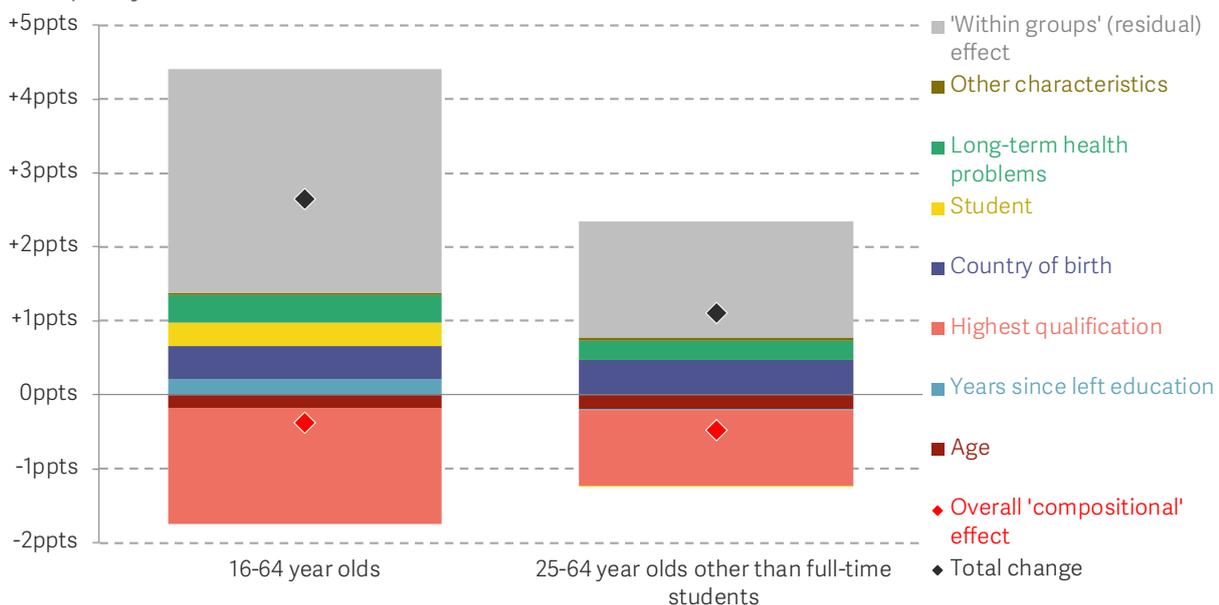
NOTES: Previous paid jobs exclude casual and holiday work.
SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

9 Office for National Statistics, *Despite record employment, nearly 10% of adults have never done paid work*, February 2019

First, the likelihood of never having worked has increased across most groups of older working-age adults who are not currently studying, as Figure 4 shows. The only exception is non-UK born adults, which will likely relate to inflows of higher-employment EU migrants over the course of the 21st century changing the composition of this group.¹⁰ The increase for the lowest qualified is particularly stark, but it's clear that a trend towards more 25-64 year olds (who are not currently studying full time) never having worked is broad-based.

FIGURE 5: The rise in the likelihood of never having worked is not explained by compositional changes in the population

Compositional effects on the change in the proportion of people who have never had a paid job: UK, 1997-99 – 2017-19



NOTES: Previous paid jobs exclude casual and holiday work. Compositional effects estimated using a twofold Oaxaca-Blinder decomposition (we describe the 'explained' portion as the 'compositional' effect, and the 'unexplained' portion as the 'within groups' effect), in which categorical variables are transformed such that the results are invariant to the choice of base category.

SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

Second, compositional changes – such as a rise in student numbers – do not explain the increase in the likelihood of never having worked when viewed in the round. This is demonstrated by a Oaxaca-Blinder decomposition, the results of which are summarised in Figure 5. We find that, while factors like rising student numbers and people being more recently out of education, a rising migrant population, and growing long-term health problems have put upward pressure on the never worked rate, qualification improvements (partly as a result of all that studying) have pushed in the opposite direction. That is, a more educated population should, all else equal, be more employable.

¹⁰ S Clarke & N Cominetti, *Setting the record straight: How record employment has changed the UK*, Resolution Foundation, January 2019

So the total 'compositional' effect shown by the red diamonds in Figure 5 (the sum of the effects of each characteristic shown) is very slightly negative, indicating downward pressure on the never worked rate. This leaves the entirety of the rise in the likelihood of never having worked in the residual ('within groups') effect, shown by the grey bars in Figure 5.

This is true for both the entire working-age population and for older working-age adults who are not currently studying. A simpler demonstration of the fact that rising student numbers are unlikely to be the whole answer to the question at hand is that educational participation increased much more rapidly for cohorts that completed education in the 1990s, when the likelihood of never having worked was flat, than those completing in the 2000s, when that likelihood was rising.¹¹

The age structure of the population is the other factor putting downward pressure on the never worked rate in Figure 5, but this is mainly a relatively recent phenomenon. Indeed, while compositional shifts don't help us much in understanding the long-term rise, they do explain why the proportion of the working-age population that has never worked has been falling since 2013. Even among 16-64 year olds, the population is ageing as the mid-1960s birth peak moves through working age and the trough in births around the turn of the 21st century enters adulthood. The 16-21 year old population has fallen from 11.9 per cent of 16-64 year olds in 2013 to 11 per cent in 2019, and the 50-64 year old population has risen from 28.2 per cent to 30 per cent.

Because very young adults are much more likely to have never had a paid job than older ones, these changes are material. A simple shift-share based on the proportion of the population in each single year of age group suggests that, when viewed in isolation, these compositional shifts explain 80 per cent of the fall in the share of working-age adults who have never worked since 2013. In other words, the underlying drivers of a shift towards more adults having never had a paid job are just about as present in our labour market today as they were when the never worked rate peaked six years ago. Alongside wider labour market improvements (particularly strong employment growth), recent reductions are the somewhat artificial result of temporary demographic fluctuations.

The education system is the right place to look, however, due to a collapse in working at sixth-form age...

So we need to look deeper in order to understand why this broad-based increase in adults who have never had a paid job has happened. Never having worked is a lifecycle

¹¹ K Henahan, [Pick up the pace: The slowdown in educational attainment growth and its widespread effects](#), Resolution Foundation, March 2019

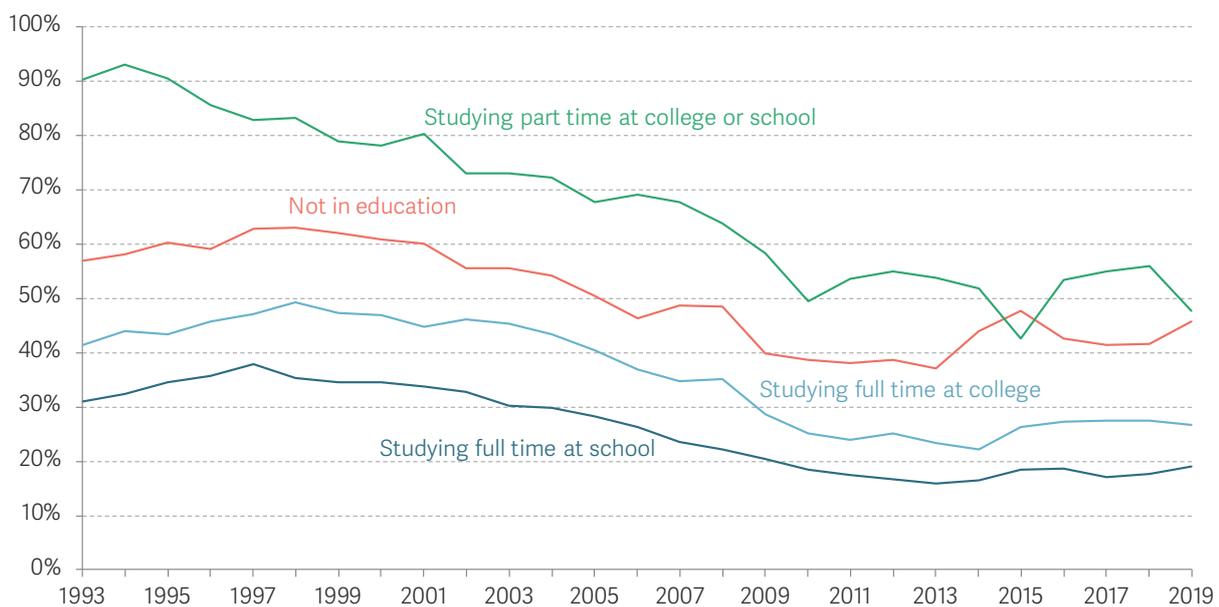
measure – highly contingent on the age and stage at which people take their first steps towards earning a living. Actions (or inactions) five, ten, twenty and thirty years ago can determine individuals' responses to this question. Therefore, while we have honed in on the increase at age 25 and over and once full-time education has been completed, we need to shift back down the age range to understand its drivers.

First, employment has plummeted among 16-17 year olds. The 16-17 year old employment rate has fallen from 48.1 per cent in 1997-99 to 25.4 per cent in 2017-19.

This might be considered unsurprising, given social, cultural and legislative shifts towards this age group staying in education. The proportion of 16-17 year olds participating in full-time education increased from 71.9 per cent to 86.6 per cent in the two decades to 2017-19. These shifts were backed up by the raising of the educational participation age to 18 (placing new legal requirements on local authorities, although with few enforcement mechanisms) during 2013-15.

FIGURE 6: Employment has fallen for 16-17 year olds who are in education and those who are not

Employment rate of 16-17 year olds, by current study: UK



NOTES: Covers Great Britain only prior to 1994. Those studying part time are grouped together (whether at school or college) due to small sample sizes. While this group has experienced a large fall in its employment rate, in 2017-19 it comprised only 2.7 per cent of the 16-17 year old population.

SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

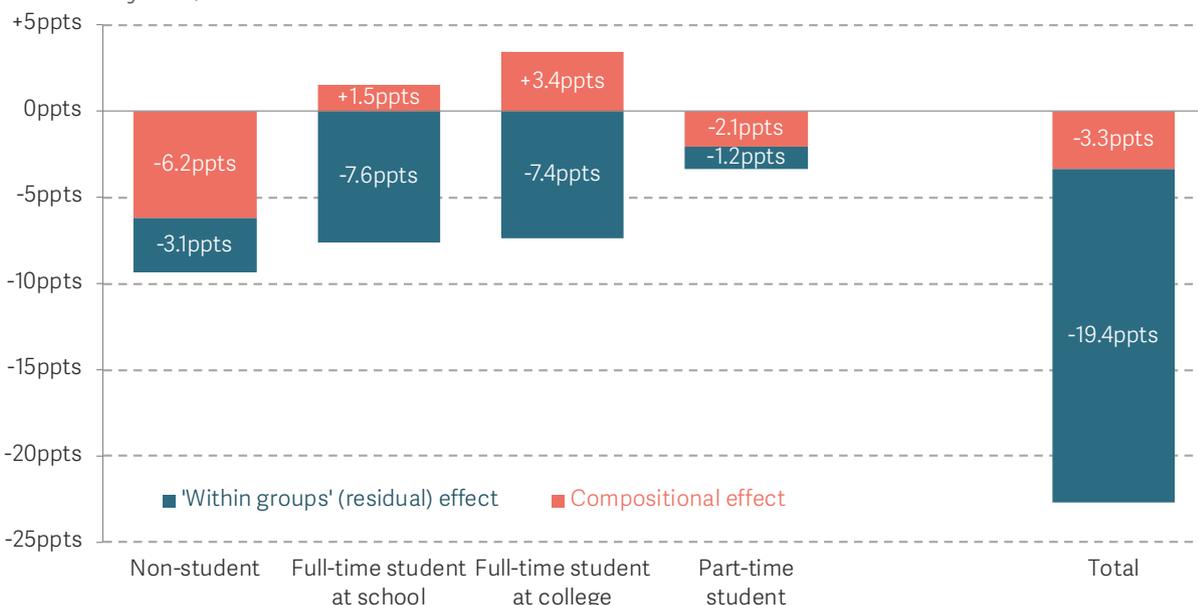
However, more people staying in education is not the whole answer – more important has been big shifts in the extent to which 16-17 year olds combine education and work. This is evident from the different size of the changes implied by the figures mentioned above: the 16-17 year old employment rate has fallen by 23 percentage points, whereas

that age group's full-time education rate has increased by only 15 percentage points. Indeed, Figure 6 shows that the employment fall has been experienced across different education groups, but with particularly marked proportional decreases for those studying full time at school or college.

A shift-share analysis, presented in Figure 7, confirms the importance of these 'within group' changes. Only 15 per cent (3.3 percentage points) of the 23 percentage point fall in the employment rate of 16-17 year olds over the past two decades is due to shifts in the composition of the group by educational participation. The rest is due to 'within group' falls in employment rates, with falling employment for those studying full time making the biggest contribution (accounting for 66 per cent of the overall 23 percentage point fall). In other words, this is mainly a story of young adults at school or college being less likely to work alongside their studies than they were in the past, rather than many more of them attending school or college than before.

FIGURE 7: Falling employment among full-time students is the largest contributor to a falling 16-17 year old employment rate

Shift-share analysis of the change in the employment rate of 16-17 year olds, by current study: UK, 1997-99 – 2017-19



SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

While earning when studying at ages 16-17 has become much less common, the hours of those 16-17 year olds who do work have shifted less. Average weekly working hours for 16-17 year olds studying full time at school have fallen from 9.1 to 8.0 per week between 1997-99 and 2017-19, with the working hours of those studying full time at college falling from 11.8 to 10.5 per week. These hours declines are in line with broader reductions in working hours up to the financial crisis. There have been bigger occupational shifts: over half (52

per cent) of 16-17 year olds who are in work are now employed in just three occupations – waiters and waitresses, kitchen and catering assistants, and sales and retail assistants. That compares to just 6 per cent of the overall workforce, and 39 per cent for this age group two decades ago. The occupations that have declined most sharply for this age group are retail cashiers, shelf fillers, packers and bottlers, and postal workers.

Our key finding – a decline in the likelihood of 16-17 year olds at school or college working alongside their studies – echoes previous research by the UK Commission for Employment and Skills into the 'death of the Saturday job'. This established that young people wanting to focus on their studies was the main driver of a decline in earning while learning (supported by evidence that fewer of those not working wanted a job than in the past), with some also citing a lack of suitable jobs for fitting around study; the fact that schools and colleges were strongly opposed to their students doing paid work; and the fact that employers were similarly opposed to employing young people who are trying to juggle work and studying. This is despite evidence of clear benefits for teenagers who work while studying. Those who combine work with full-time education are 4-6 percentage points less likely to be not in employment, education or training – and earn 12-15 per cent more – five years down the line than those just in education.¹²

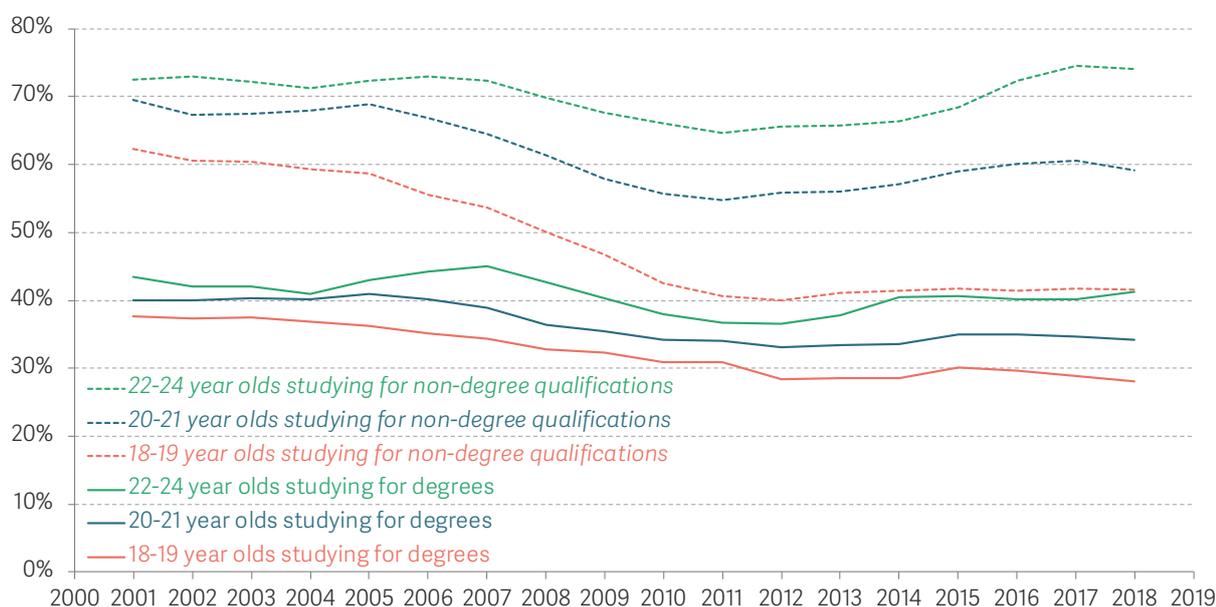
...A reduction in 'earning while learning' among 18-24 year olds in further and higher education...

The second part of our lifecycle analysis moves up the age range to focus on 18-24 year olds. Again, a shift toward more people studying is an underpinning factor here. But with the increase in 18-24 year olds participating in education relatively modest over the past two decades (the proportion who are studying full time has increased from 26 per cent to 33 per cent, while the proportion studying part time has fallen from 9 per cent to 5 per cent), changes in the employment rates of students have again played more of a role. This is demonstrated in Figure 8, which shows that apart from 22-24 year olds studying for non-degree qualifications, all groups of students are less likely to be in employment today than they were prior to the financial crisis. In particular, 18-19 year olds studying for non-degree qualifications are 33 per cent less likely to be in work than they were in the early 2000s, 18-19 year old university students are 25 per cent less likely, and 20-21 year old university students are 15 per cent less likely to be in work than they were in the early 2000s.

¹² G Conlon, P Patrignani & I Mantovani, [The death of the Saturday job: The decline in earning and learning amongst young people in the UK](#), UK Commission for Employment and Skills, June 2015

FIGURE 8: Employment rates have fallen for most young adults in further and higher education

Employment rate of 18-24 year olds in education, by level of study: UK



NOTES: Includes part-time students; excludes people studying in schools. Data are smoothed using a three-year rolling average centred on the date shown.

SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

And again, this is despite evidence that working while studying at university improves long-term educational and labour market outcomes.¹³ (However, above a certain number of hours – perhaps 15-20 – work becomes an impediment to good grades, and students working only for financial reasons are less likely to get the best degrees.¹⁴)

What explains this decline in working while in further or higher education? It's possible that the growth in tuition fee and maintenance loans has improved university student incomes such that they don't feel the need to work. Alternatively, tuition fees may have increased the salience of the individual costs of higher education and driven an increased focus on getting the best educational outcomes, at the expense of paid employment. Another potential factor – which would also relate to the decline in work among 16-17 year olds discussed above – may be the introduction of minimum wages reducing employers' appetite or ability to make jobs available to those with the least experience. While there is little evidence that the UK minimum wage has harmed employment overall, there is some limited evidence that minimum wages reduce the employment prospects of the youngest and least experienced workers.¹⁵ Beyond these suggestions, it's possible that the social and cultural expectations among students,

¹³ Department for Business, Innovation & Skills, *Learning from Futuretrack: The impact of work experiences on HE student outcomes*, October 2013

¹⁴ S Jewell, 'The Impact of Working While Studying on Educational and Labour Market Outcomes', *Business and Economics Journal* 5:3, October 2014

¹⁵ Hafner et al., *The impact of the National Minimum Wage on employment*, Rand Corporation, 2016

parents, employers and educational institutions are mitigating against earning while learning, as they have at sixth-form age.

...And a longer transition from education to employment for those with no prior experience of paid work

The third part of our account of young adults' lifecycle journey from education to employment relates to the time it takes to get a job once full-time education is completed for the growing group that has had no paid work experience up to that point. This is demonstrated by Figure 9, which shows the reduction in the proportion of young people who have never worked over the course of the first year after leaving full-time education. We find that in the late 1990s, 56 per cent of young education leavers who had never previously worked got a paid job within the first year after leaving full-time study. That figure then rose to a peak of 37 per cent after the financial crisis, and remains elevated today at 44 per cent.

FIGURE 9: The likelihood of education leavers getting their first paid job soon after leaving has reduced

Change in the proportion of a cohort of 16-24 year old education leavers that has never worked between the year in which they leave full-time education and the year after: UK



NOTES: Excludes all students. Data are smoothed using a three-year rolling average centred on date shown.

SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

While unlikely to be as important as the first two elements of our story, this extended transition time is nonetheless striking. Its drivers are not immediately clear, but it's possible that shifts in employer attitudes such as those mentioned above in relation to working at sixth-form age, or declines in geographic mobility and a rise in living in the

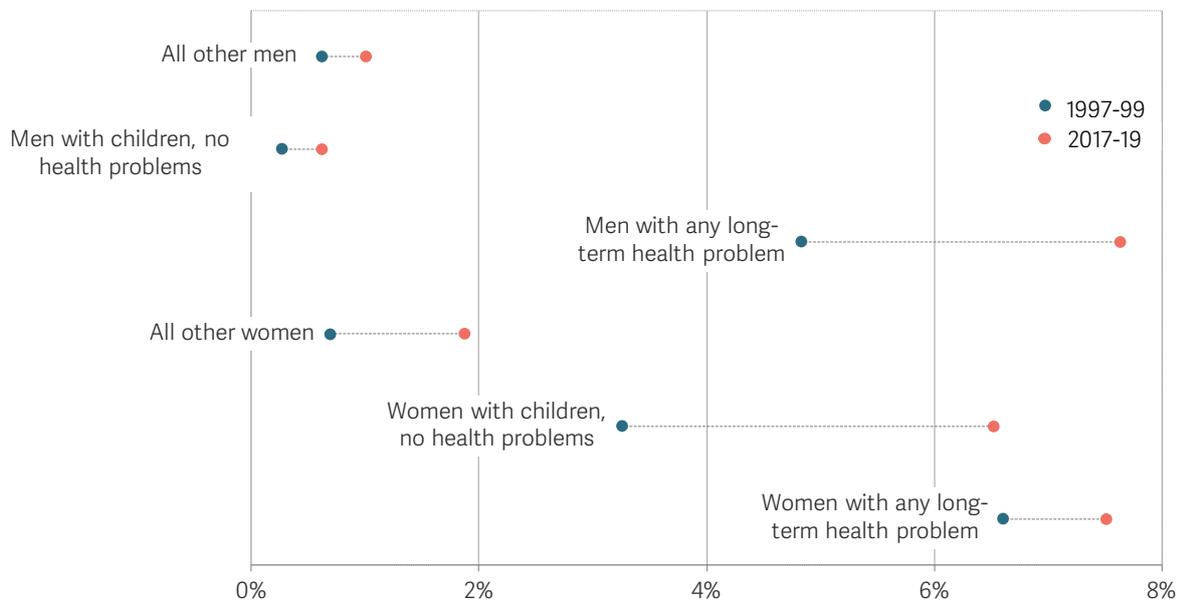
parental home as a young adult,¹⁶ have played a role.

The emergence of children or health issues in people's 20s and 30s can then entrench this lack of labour market experience for decades

It could be argued that the trends we have described above – rising educational participation, a decline in earning while learning across education levels, and slower transitions from education to work – are just pushing up the age at which people get their first job. To some extent, this delayed start to careers may be a natural reaction to longer working lives. This argument runs that these trends should have no long-term impact on the chance of ever having worked once in prime age. The challenge, however, is that some people experience things that make them much less likely to work in the longer term in early adulthood, having increasingly not done any work up to that point. This effectively 'locks in' people's never worked status. Figure 10, which delves beneath the broad-based increases in the likelihood of never having had a paid job in Figure 4 above by looking at particular combinations of characteristics, demonstrates two crucial phenomena. The increased likelihood of never having worked in prime age has come in particular from mothers, and men with health problems.

FIGURE 10: Never having worked in prime age has been rising for mothers and men with health problems in particular

Proportion of 25-39 year olds who have never had a paid job, by characteristic: UK



NOTES: Previous paid jobs exclude casual and holiday work. Excludes full-time students.

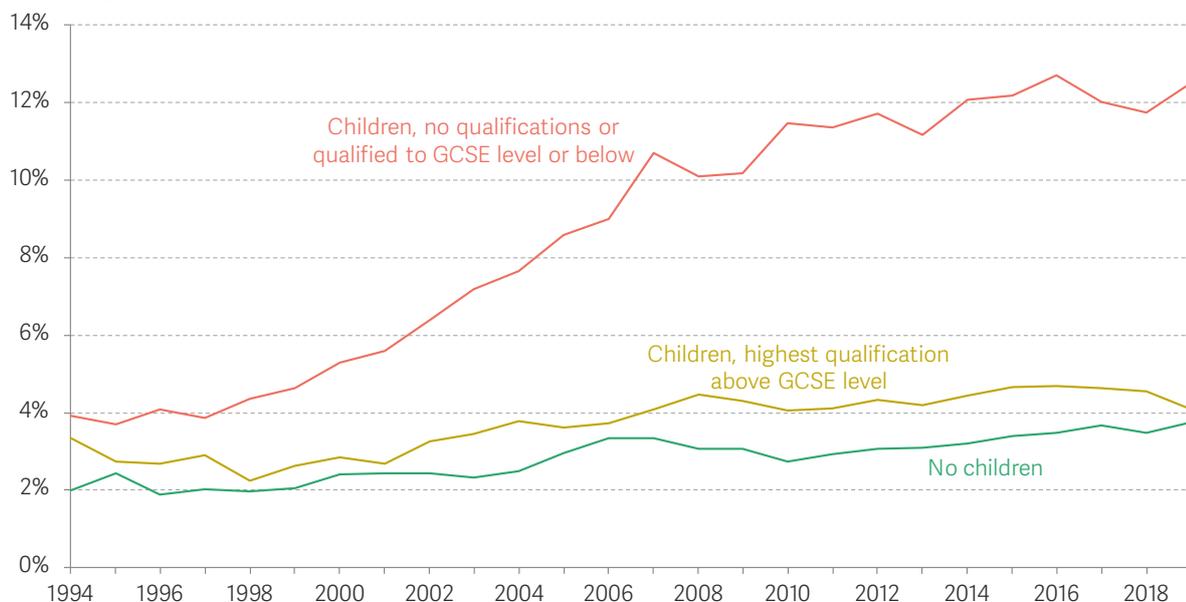
SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

¹⁶ See: G Bangham et al., *An intergenerational audit for the UK: 2019*, Resolution Foundation, June 2019

Figure 11 delves even further into the experience of mothers, by segmenting them by qualification level. It shows a staggering increase in the proportion of lower-qualified 25-39 year old mothers who have never had a paid job, from 3.9 per cent in 1997 to 12.5 per cent in 2019. Granted, this group has become more residual as educational attainment has improved, falling from 41 per cent of 25-39 year old women in 1997-99 to 17 per cent in 2017-19. But it is still sizable, and even when we 'control' for rising educational attainment by splitting the working-age population into three equally-sized groups based on the highest qualification held in each time period, we still find that the combination of motherhood and relatively low qualifications is the focal point for the growing likelihood of never having worked at age 25 and above (when compared to all interactions of categorical variables for sex, parenthood, the presence of health problems and qualification levels). The overall story is that lower-qualified women are more likely to spend long periods of time out of the workforce when they have children than higher-qualified women are. Combined with the fact that they have become less likely to work while at school or college and take longer to find a job when they leave, this means that an increasing minority find themselves in their 30s, when their children start to require less care, never having had any experience of paid work at all.

FIGURE 11: Low-qualified mothers' chance of never having worked when in prime age has tripled over two decades

Proportion of 25-39 year old women who have never had a paid job, by children and highest qualification: UK



NOTES: Previous paid jobs exclude casual and holiday work. Excludes full-time students.

SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

The other notable (although smaller) increase in the likelihood of never having worked in Figure 10 occurs among men with long-term health problems. The background to this outcome is the growing onset of long-term health problems and disabilities in the 20s and 30s in recent years, particularly mental health problems. For example, the proportion of 25-39 year olds with any long-term health problem has increased from 16.5 per cent to 22.8 per cent in the two decades to 2017-19, with the proportion with a mental health problem increasing from 2.5 per cent of all adults in this age group to 9.1 per cent.

The reasons why this has been associated with a bigger shift in men's likelihood of never having worked than women's likelihood are not immediately clear. This outcome may be related to the fact that women started from a worse base, given the motherhood penalty and a higher likelihood of never having worked among those with health problems in the first place (see Figure 10). In addition, women's educational attainment has overtaken men's in recent decades, so these men are entering prime age with worse qualifications than their male predecessors (in relative if not absolute terms).

As with the arrival of children for women, the incidence of long-term health problems early in prime age among men can compound a lack of any paid work experience while in or shortly after education for many years more. And given that disability and health problems are growing among the working-age population (while the birth rate is not¹⁷), these trends present a particular concern for the future, across the sexes.

The importance of paid work in the journey from education to employment deserves more policy attention

In conclusion, the story of a rising likelihood of working-age adults never having had a paid job is a lifecycle story that is strongly related to what happens during the education years. Educational participation both at and above school age has been rising steadily. But more important has been the fact that students in schools, colleges and universities have become less likely to do paid work alongside their studies, despite evidence that (below certain levels) doing so is beneficial to educational and labour market outcomes. Once education is completed, getting a job takes longer. And this means that more women have children and people experience health problems (that each substantially reduce the likelihood of employment over many years) having never previously had a paid job.

We are not able to precisely estimate the relative importance of each part of this story in explaining the overall increase in the likelihood of working-age adults never having had a paid job. But there are good indications that their importance roughly reflects their ordering above, with those changes at the very beginning of adulthood having the

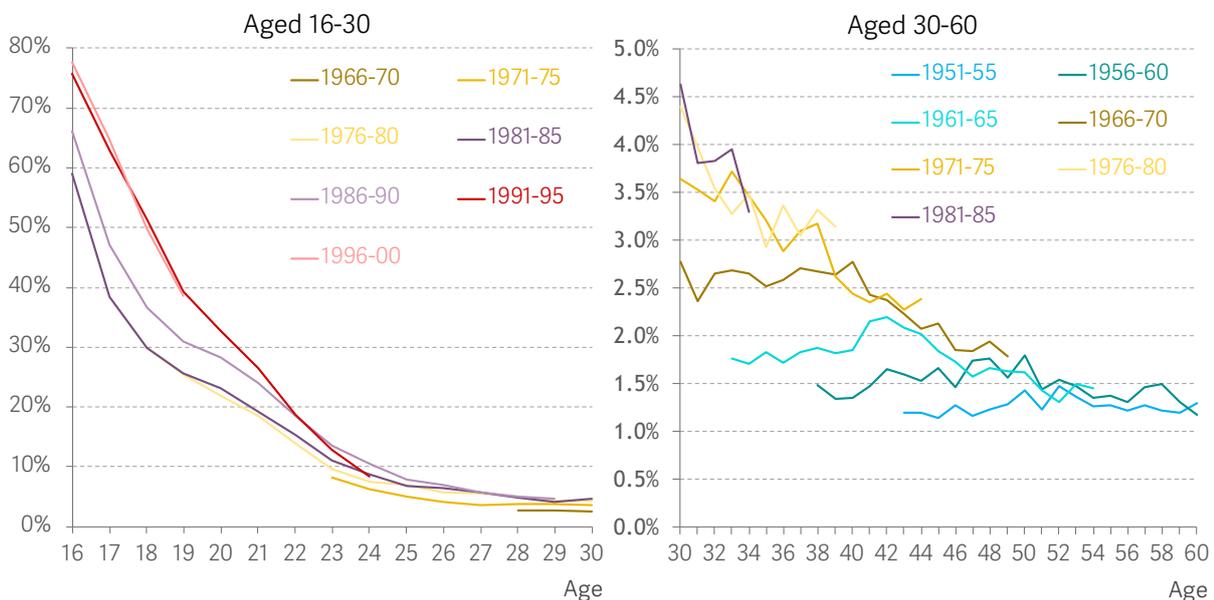
¹⁷ T Bell & L Gardiner, *Feel poor, work more: Explaining the UK's record employment*, Resolution Foundation, November 2019

largest impact. Changes in employment at the youngest ages have been most dramatic. Put differently, if 16-20 year olds today had the 'never worked rates' of 16-20 year olds two decades ago (holding the rates at all other ages constant), the increase in the overall likelihood of working-age adults never having had a paid job would have been less than half as big.

The overall story we have told means that each successive cohort has been more likely to have never worked at each age than its predecessors, as Figure 12 shows.

FIGURE 12: The likelihood of never having worked has risen through successive birth cohorts

Proportion of people who have never had a paid job, by age and cohort: UK, 1994-2019



NOTES: Previous paid jobs exclude casual and holiday work.
SOURCE: RF analysis of ONS, Quarterly Labour Force Survey

With employment at a record high and the generosity of the welfare system having fallen in recent years, the fact that the likelihood of never having worked remains substantially higher today than it was two decades ago lends credibility to our lifecycle story. That's because this context does not support accounts stating that high levels of labour market slack are denying adults jobs, or that the benefits system is supporting a life of worklessness for increasing numbers. In the UK we have a new form of 'employment polarisation': not the occupational change that is often talked about, but a polarisation between the record numbers of 'working nows', and the elevated number of 'work nevers'.

While ensuring that we continue to drive human capital improvements (particularly given evidence that the pace of educational attainment progress has slowed), our view is that policy makers should pay more attention to the factors that have driven a rising

likelihood of working-age adults in Britain never having had a paid job. This is important because these factors lead to very different policy conclusions to the benefits-focused explanations mentioned above. Rather than cutting benefits, we need to explore and perhaps challenge the economic, social and cultural drivers mitigating against earning while learning at school, college and university, while boosting evidence on the types of work that are complementary to studying rather than detrimental. Our evidence underscores the particular challenge that the new T level qualifications are seeking to address for those taking the non-university route, and the importance of getting the work experience component of these right. In particular, this means ensuring that sufficient numbers of employers are willing and able to deliver work experience.¹⁸ And this analysis suggests that a much sharper focus on the advice and support systems that help people move from full-time education to the first stage of their career is required. Finally, our findings underscore the need for continued policy action to address the labour market disadvantages that women face when they have children, and to better understand how the growing group of relatively young adults with health problems and disabilities can be supported to actively participate in the labour market.

Lazy interpretations related to workshy Brits are clear very far wide of the mark. Instead, a full investigation of the rise in the proportion of working-age adults who have never had a paid job tells us much about the challenges of parenthood and disability, but above all about the complex choices many young people are facing in trying to get the most out of a perhaps increasingly high-pressured education.

¹⁸ Work experience within T levels is unpaid, and so would not directly reduced the never worked group, but would contribute to the work-related experience that young people increasingly lack. For suggestions as to how T levels could be given the best chance of success, see: Resolution Foundation, *A new generational contract: The final report of the Intergenerational Commission*, May 2018

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