

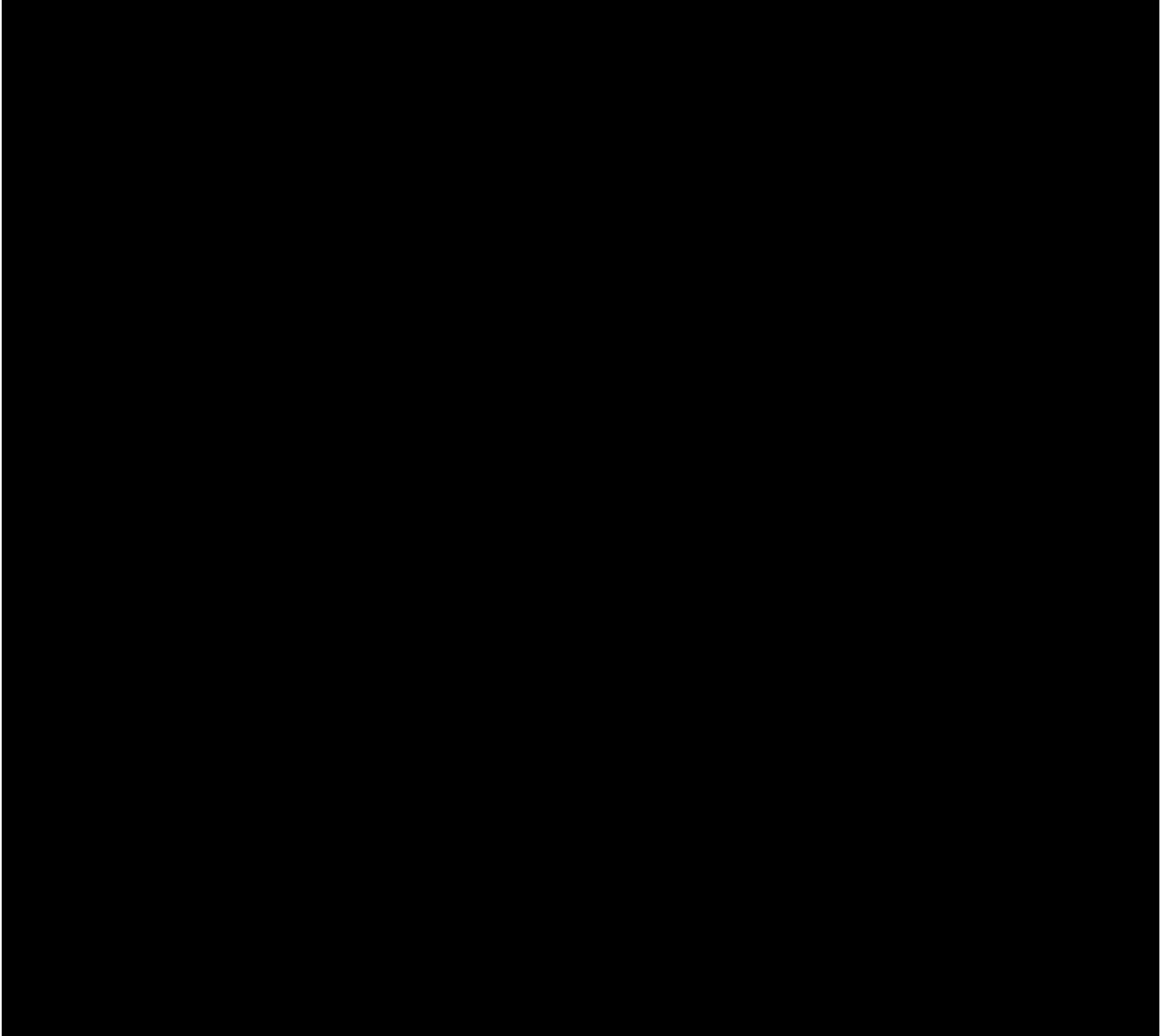
Lost in transition

An examination of why the UK NEET rate is high and rising

Alex Clegg, Nye Cominetti, Julia Diniz, Lindsay Judge & Imogen Stone

April 2026

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES



Acknowledgements

We are grateful to the many experts who have taken the time to discuss this research with us, including Ben Baumberg Geiger (King's College London), Hannah Kitchen (OECD), Juliette McMahon (University of Limerick), Paul Redmond (ESRI), Sandra McNally (LSE), Lynsey Sweeney (Communities that Work) and Jacqueline O'Reilly (University of Sussex). Many thanks also to colleagues at the Resolution Foundation for their guidance, in particular Mike Brewer, Ruth Curtice and Louise Murphy. Any errors, of course, remain the authors' own.

Download

This document is available to download as a free PDF at:

resolutionfoundation.org/publications

Citation

If you are using this document in your own writing, our preferred citation is:

A. Clegg, N. Cominetti, J. Diniz, L. Judge & I. Stone, *Lost in transition*:

An examination of why the UK NEET rate is high and rising, Resolution Foundation, April 2026

<https://doi.org/10.63492/cxo2244>

Permission to share

This document is published under the [Creative Commons Attribution Non Commercial No Derivatives 3.0 England and Wales Licence](#). This allows anyone to download, reuse, reprint, distribute, and/or copy Resolution Foundation publications without written permission subject to the conditions set out in the Creative Commons Licence.

For commercial use, please contact: info@resolutionfoundation.org

Contents

Acknowledgements	<u>2</u>
Executive Summary	<u>4</u>
Section 1	
The UK has not one, but two NEET problems	<u>12</u>
Section 2	
Why have NEET rates risen since 2019?	<u>18</u>
Section 3	
Why does the UK have a higher NEET rate than leading countries?	<u>42</u>
Section 4	
What should the UK do to reduce the NEET rate long term?	<u>56</u>
Annex	
Data citations	<u>61</u>

Executive summary

Young people in the UK today have on average better outcomes from secondary education than many other advanced economies. Child poverty is set to fall in 2026. Yet despite positive figures such as these, there is a chronic and growing crisis for young adults in the UK as a rising share struggle to make the transition from childhood to adulthood with ease. At this critical stage of life, the paths individuals pursue can have lasting consequences on their living standards. Being in neither work nor education during young adulthood is associated with a higher likelihood of unemployment a decade later, as well as lower earnings over the life course. And these costs are not just felt by the individual, but also by the state in the form of forgone taxes and benefits paid.

It is no surprise, then, that policy makers are so concerned about the rising share of young people today that are not in education, employment or training (NEET). Between 2011 and 2019, the proportion of 18-24-year-olds in the UK who were NEET fell from 19 to 13 per cent. (Conventional measures of NEETs are for 16-24-year-olds, but the scale of the problem and the policy responses required are quite different for under-18s, so throughout this report we focus on those aged 18-24). Since the pandemic, however, that trend has gone into reverse: in 2025, the NEET rate stood at 15 per cent, equivalent to almost 900,000 18-24-year-olds. But even if this tide were turned policy makers would have no cause for complacency: the UK's NEET rate is stubbornly high compared to our international peers, and especially the likes of the Netherlands (4.6 per cent), Denmark

(8.6 per cent) and Germany (9.4 per cent) (all figures here are for 2024).

Understanding the NEET problem in the UK requires us to engage, then, with not one, but two, critical questions: why has the NEET rate risen in the UK in recent years, and why was our starting rate so high comparatively? It is only by carefully unpicking the cyclical and structural determinants of the UK's NEET rate that policy makers (including those engaged in the ongoing Milburn Review) can properly grasp the problem and develop effective and efficient policy in response.

The state of the economy explains around half of the post-pandemic rise in the NEET rate

The NEET rate is closely linked to the prevailing state of the economy: more cautious hiring on the part of employers affects those entering the labour market far more than those already in work, and young people are often last in, and therefore first out, when cuts to jobs are made. Since the end of 2019, the 25-plus unemployment rate has increased by 0.9 percentage points, which would ordinarily predict a 1.6-percentage-point increase in the NEET rate over the same time period. But the actual increase has been almost double that (2.8 percentage points). This simple decomposition suggests that just over half of the increase in the 18-24 NEET rate since 2019 is due to conditions in the overall labour market, while the rest reflects something specific to young people.

Some point the finger at labour market reforms since 2024 that have disproportionately affected youth-heavy sectors of the economy, such as changes to employer NICs from April 2025, larger increases to the minimum wage rate for younger workers in 2024 and 2025, and the Employment Rights Act (although none of the major provisions of the last have yet to come into effect). But youth unemployment is not significantly elevated: the proportion of 18-24-year-olds who are NEET and unemployed (i.e. actively looking for work) is similar to what the historical relationship with 25-plus unemployment suggests should be the case. It is possible that a difficult labour market could cause some young people to stop looking for work (and therefore to

show up as 'inactive' rather than 'unemployed'), but we find little direct evidence of this. As a result, these policy changes are unconvincing as a first-order explanation of why the NEET rate in the UK rising more than would be suggested by the wider labour market.

Broader health trends since the pandemic correspond closely with the rise in youth inactivity and incapacity benefits ...

If the post-pandemic period is not characterised by higher-than-expected youth unemployment, we must also look beyond the availability of jobs for other explanations of the UK's elevated NEET rate. The share of 18-24-year-olds that are inactive as opposed to unemployed has risen over the last six years, up from 7.8 per cent in 2019 to 9.1 per cent in 2025 (an increase of 16 per cent). This change is more than explained by a rising proportion of young people that are inactive due to disability or ill health, which has grown from a pre-pandemic 2.8 per cent, to 4.2 per cent today (an increase of 52 per cent).

This rise is closely mirrored by a deterioration in the health of young people, and especially mental health over the same period. Multiple sources of evidence show that the share of 18-24-year-olds with a health condition lasting 12 months or more has increased since around 2010, and the share of those saying that this limits their day-to-day activities has accelerated sharply too (by 48 per cent between 2019 and 2025). This trend is matched by a rise in the number of anti-depressant and anti-psychotic drugs prescribed to 18-24-year-olds today. Underlying health trends track very closely the rise in youth inactivity both before and since the pandemic.

The same holds true when we look at the share of 18-24-year-olds that are in receipt of health-related incapacity benefits (historically, Employment Support Allowance (ESA); today, Universal Credit Health (UCH)). Just as the proportion of young people reporting a limiting health condition has risen since 2019, so, too, has the share that receive incapacity benefits, and by a commensurate amount (52 per cent). Ill health and benefit

claims have moved in sync, but we must be mindful of possible causation in both directions: in other words, from the benefits system to the share of young people who are inactive and unwell, as well as from ill health to inactivity and incapacity benefits. And changes to the benefit system in recent years may have increased the incentive to claim incapacity benefits (to supplement the low youth standard allowance, for example, or to avoid the stringent conditionalities of the UC regime).

... but a far higher share of claimants is awarded the highest rate of UC Health today

In recent years, a far larger share of claimants of incapacity benefits (of all ages; consistent data on under-25s is not available before 2019, but trends since match those for all ages) has been awarded the higher rate of ESA or UCH and placed in the limited capability for work-related activities (LCWRA) group than was the case before the pandemic (from 40 per cent in 2017 compared to 81 per cent in 2025). This shift has had significant impacts on benefit spending (LCWRA comes with an additional award of £99 per week this year for existing recipients, or £50 per week for new claimants from April 2026), and also means there are increasing numbers of young people who have no engagement requirements. This is because there is no conditionality placed on those in the LCWRA group, whereas those in lower category of limited capability for work (LCW) must undertake activities to 'get ready' for work.

So, why is this the case? One obvious explanation is that there is not just a growing share of young people with limiting health problems, but that their conditions are graver than in the past. (This runs counter to the argument made by some that society medicalises 'marginal' conditions more today than it did in the past). But there are two system issues that could also have some explanatory power. First, over time, case law has become more expansive as to who should be classified as LCWRA. Second, in 2017, the then Government removed the additional element historically paid to those placed in the LCW group, and the removal of this premium could have plausibly prompted assessors to place more claimants in the LCWRA group but we find little evidence that this has taken place.

Participation in education, and not employment or young people's health, explains many OECD countries' lower NEET rates

Whatever the reasons that sit behind rising youth ill health and disability in the UK, the rates should give rise to concern. Cross-national disability comparisons can be challenging, but the most robust evidence available suggests that 15-24-year-olds in the UK have the highest rates of anxiety and depressive disorders in the OECD, around double the non-UK OECD average. But strikingly, the cross-national evidence shows that this need not translate into a high NEET rate: there is no cross-country relationship between the mental health status of young people in developed economies and the share that are not in employment, education or training. For example, young adults in the Netherlands are only slightly less likely to report anxiety disorders than young people in the UK and come second in the league table (behind the UK) on depressive symptoms, but are dramatically less likely to be NEET than their UK counterparts.

Critically, when we look across countries, it is not health or job availability that explains the UK's high NEET rates, but education. In 2024, 43 per cent of UK 18-24-year-olds were in education (including 17 per cent combining education and work), well below the OECD average of 53 per cent of 18-24-year-olds studying (including 19 per cent combining education and work). In the lowest-NEET countries, education participation is substantially higher. Indeed, among the 23 OECD countries which had a lower 18-24 NEET rate than the UK in 2024, all but two (the United States, and New Zealand) achieved this entirely by having more young people participating in education or combining education and work.

The UK provides only limited vocational education pathways for young people compared to low-NEET countries

The pathways that young people pursue in the UK are strikingly different from those in many other advanced economies. Although there is no difference in education participation at age 16 between the UK and low-NEET countries, by age 18 a

considerable gap has opened up (66 per cent in the UK, compared to 84 per cent across the Netherlands, Denmark, and Germany). This gap has grown again by age 24 (21 per cent in the UK, compared to 44 per cent in those comparator countries).

But this is not a story about higher education. The UK already sends a lot of young people down the academic track: in England, for example, 45 per cent of all young people go to university. Rather, compared to countries like Denmark, Germany and the Netherlands, the UK stands out for its poor vocational education offer. In 2024, for example, just 22 per cent of 18-21-year-olds in the UK were on vocational courses, compared to 35 per cent in the low-NEET trio of the Netherlands, Denmark and Germany.

Young people receiving incapacity benefits in the UK have fewer requirements and less support than in other countries

There is one other stand-out difference between the UK and many other OECD countries and that is the conditions placed on young people with health issues to engage with work or education. In 2025, 84 per cent of young people in receipt of UCH in the UK had no requirements placed on them to undertake 'work-readying' activities such as volunteering, study or employment preparation. This contrasts starkly with practice in low-NEET countries where a 'no engagement' approach is usually a last resort after training, rehabilitation and subsidised employment options have been exhausted.

However, more extensive requirements on young people to engage with the system should go hand-in-hand with quality employment support, in the form of more training, rehabilitation or even employer subsidies. Historically, the UK has spent far less on provision of this type than low-NEET countries, but differences in those forms of support can account for 30 per cent of the variation in 18-24 NEET rates between OECD countries. And when we look at low-NEET countries like Germany and Denmark, the level of support they provide to young people to smooth their transition into the world of work is liberal.

The UK needs a wholesale policy response to bring our NEET rate down

The scale of the NEET challenge among young people is both substantial and deeply entrenched, with most affected individuals facing significant barriers to re-engagement in work or education. Around five-in-six (84 per cent) of NEETs aged 18–24-years-old – a far higher share than among young people overall – experience at least one disadvantage such as low qualifications, disability, or long-term disengagement and over half face multiple overlapping challenges. This suggests that simple, single-issue interventions are unlikely to succeed; instead, the problem requires a broad, holistic response that reflects the depth and diversity of barriers young people face.

In particular, the analysis in this report points strongly to a need for action across health, education and benefits:

- Improving the health of young people. Whatever its cause, the deterioration in the health of young people can fully explain the UK's elevated NEET rate relative to the wider economy. Improving mental health provision in schools and colleges, for example, could reduce the numbers becoming NEET in future.
- Keeping young people in education for longer. Almost all countries which achieve a lower NEET rate than the UK do so through more education, not more work. The mandatory participation age should be properly monitored and enforced for 16–17-year-olds, and vocational pathways should be improved. At least two-thirds of the Growth and Skills Levy funding should be restricted to under-25s.
- Reforming the work support and requirements for young people. A growing number of young people are subject to no work requirements when claiming incapacity benefits, a feature of the social security system that is not shared by countries with lower NEET rates. The majority of young people in receipt of UCH should have tailored engagement requirements, and the support of a permanent programme of youth support which is also open to those not on benefits,

which goes beyond employment and skills to address other barriers, such as mental health and housing.

All of the above will come with a price tag and there are clearly tough choices to be made about where to prioritise spending. But this report shows that there are no simple, quick or cheap fixes for a problems as entrenched as NEETs. And the prize is large: if the UK had the same NEET rate as the Netherlands today, we would have 600,000 fewer 18-24-year-olds lost in transition. Instead, they would be learning and earning to the betterment of themselves, the public finances and wider society too.

Section 1

The UK has not one, but two NEET problems

There are two distinct challenges sitting behind the UK's high and rising NEET rate. The first is recent and well-known: after a sustained decline through the 2010s, the share of 18-24-year-olds who are not in employment, education or training has risen sharply, reaching 15 per cent in 2025 (equivalent to 900,000 young people). The second problem is less well-known but also longer standing. In 2019, the UK's NEET rate was already high by international standards: the 18th highest rate among the 22 OECD-member EU countries and the UK – and our ranking fell even lower by 2024 – to 21st. This means simply reversing recent trends would not be enough to take us back into line with our international peers, to achieve that policy makers must be more ambitious.

Young adulthood is a critical period when decisions about education and work can have lasting effects. Because returns to work experience, job mobility and qualifications are especially high at this stage, setbacks can be particularly harmful with disengagement from education or work during this period creating long-term 'scarring effects'.¹ Research shows that being not in education, employment or training (NEET) during young adulthood is associated with a higher likelihood of being unemployed 10 years later. Higher levels of education can reduce these risks, but this is not much reassurance given that most NEETs in the UK have low qualifications.²

And these scarring effects are not limited to economic activity: research shows that those who were NEET for one year in young adulthood earn around 30 per cent less after 20 years compared to those who were not.³ And even shorter spells of

¹ For early discussions of the scarring effects of youth unemployment and inactivity, see: D Ellwood, *Teenage Unemployment: Permanent Scars or Temporary Blemishes?* in R Freeman & D Wise, *The Youth Labor Market Problem: Its Nature, Causes and Consequences*, University of Chicago Press, April 1982.

² K Ralston et al., *Economic inactivity, not in employment, education or training (NEET) scarring: The importance of NEET as a marker of long-term disadvantage*, *Work, Employment And Society* 36(1), March 2021, <https://doi.org/10.1177/0950017020973882>; J Diniz & L Murphy, *False Starts: What the UK's growing NEETs problem really looks like, and how to fix it*, Resolution Foundation, October 2025, <https://doi.org/10.63492/kvz546>.

³ F Andersson, S Brännström & R Mörtvik, *Long-term scarring effect of neither working nor studying*, *International Journal of Manpower*, 32(2), May 2018, <https://doi.org/10.1108/IJM-12-2015-0226>.

unemployment – lasting as little as six months – have been associated with reduced wages almost a decade later.⁴ Youth disengagement is also linked with worse health and well-being outcomes later in life, including poorer self-reported health, higher rates of depression and lower job satisfaction by age 50. By contrast, there is little evidence that unemployment in later life has the same effect.⁵

This is the backdrop to the Government's review on young people and work led by Alan Milburn, which is considering both why more young people are becoming more disconnected from work and education, and what should be done in response.⁶ This report speaks directly to this agenda but, crucially, we will show that the UK has not just one but two problems with NEETs.

Problem #1: The UK's NEET rate has been rising since 2019

The first problem is that, after falling for much of the 2010s, the share of 18-24-year-olds who are NEET has risen sharply in recent years (see Box 1 for a discussion of why we exclude 16 and 17 year-olds from our focus).⁷ Indeed, Figure 1 shows that the proportion of 18-24-year-olds who are NEET (hereafter, 'the NEET rate') increased from 15 per cent in 2005 to a peak of 19 per cent in 2011 (with the number of young people NEET hitting 1.12 million) in the aftermath of the financial crisis.⁸ This was followed by a sustained decline to a low of around 13 per cent in 2019. Since then, however, the trend has reversed: in 2025, the NEET rate was at 15 per cent, equivalent to almost 900,000 18-24-year-olds, a rate last seen in 2005. The pandemic and its impact on the labour market and education is part of the story here, but the UK stands out internationally for the scale of its increase since 2019: of the 22 OECD-member EU countries, 14 had a lower NEET rate in 2024 than in 2019, and only Lithuania, Latvia and Estonia had seen larger increases than the UK. So, although today's NEET rate remains below its post-financial-crisis peak, the recent rise in the NEET rate is substantial and has undone one third of the post-2011 progress in reducing the rate.

⁴ T Mroz & T Savage, *The long-term effects of youth unemployment*, The Journal of Human Resources, 41(2), July 2004.

⁵ D Bell & D Blanchflower, *Young People and the Great Recession*, Institute for the Study of Labor (IZA), April 2011.

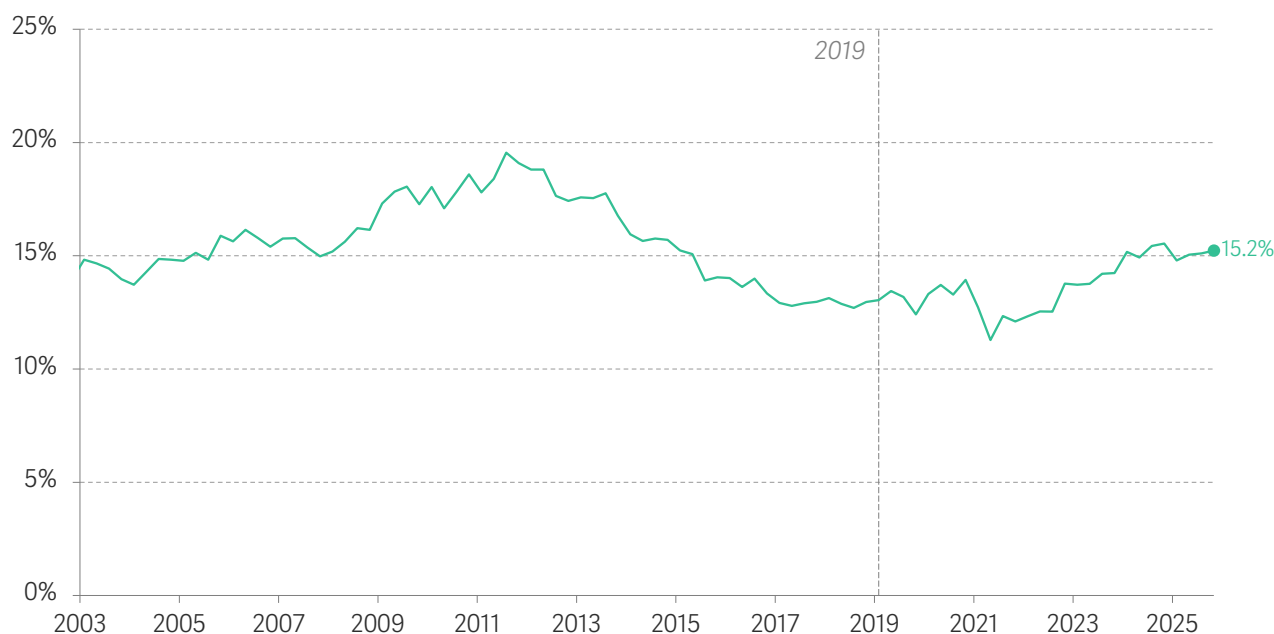
⁶ DWP, *Independent investigation to be launched to tackle youth inactivity*, November 2025.

⁷ Changes in the number of NEETs reflect shifts in the population size in addition to economic and educational outcomes. To abstract from changes in the underlying population size, particularly given recent changes in the UK's net migration, we focus on the NEET rate (the proportion of young people who are NEET). For further discussions on changes in the underlying population of young people, see: J Diniz & L Murphy, *False Starts: What the UK's growing NEETs problem really looks like, and how to fix it*, Resolution Foundation, October 2025, <https://doi.org/10.63492/kvz546>; M Gregory, *What is driving the current fall in net migration?* Office for National Statistics, November 2025.

⁸ Although there are well-known issues related to using the Labour Force Survey (LFS) to analyse young people who are NEET, our previous work provides reassurance of the LFS being a consistent data source on young people relative to administrative records – see Annex 1 for more details.

FIGURE 1: NEET rates have been rising since 2019, undoing one third of the progress made since the financial crisis

Proportion of young people aged 18-24-years-old that are not in employment, education or training (NEET): UK



NOTES: Dashed line marks a data discontinuity in 2019.

SOURCE: RF analysis of ONS, Young people not in education, employment or training (NEET).

BOX 1: Our focus is on NEETs aged 18-24-years

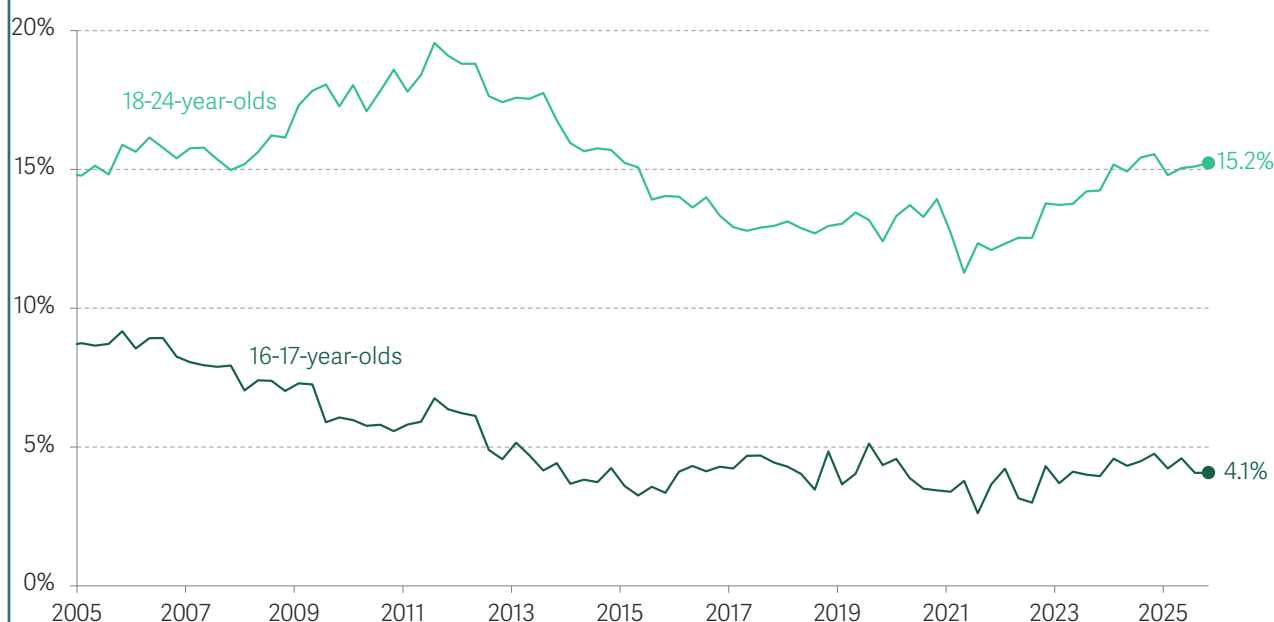
Discussions around NEETs typically focus on young people aged 16-24, but we have shown in previous work that NEETs in this broader age group are not a single homogenous group.⁹ Rather, differences between the 16-17 and 18-24 groups are striking enough to think

of them as facing related but distinct starting points and policy challenges. Most obviously, as Figure 2 shows, the NEET rate of 4.1 per cent for 16-17-year-olds is much lower than the 15.2 per cent rate for 18-24-year-olds.

⁹ J Diniz & L Murphy, False Starts: What the UK's growing NEETs problem really looks like, and how to fix it, Resolution Foundation, October 2025, <https://doi.org/10.63492/kvz546>.

FIGURE 2: The NEET rate of 16-17-year-olds is much lower and has risen by far less than it has for 18-24-year-olds

Proportion of young people aged 16-17-, and 18-24-years-old who are not in employment, education or training (NEET): UK



SOURCE: RF analysis of ONS, Young people not in education, employment or training (NEET).

One likely reason for the lower NEET rate for under-18s is that they are generally expected to be in education. This is in line with the Raising Participation Age (RPA) legislation introduced in 2013 in England, which means that young people must stay in education at least until their 18th birthday.¹⁰ Therefore, becoming NEET for 16-17-year-olds is much more related to becoming disengaged from education than is the case for 18-24-year-olds, and reflects more of a failure of retention, tracking and re-engagement within a system that is meant to keep them connected to education and training.

By contrast, the position for 18-24-year-olds is more complex: by this age, young people are no longer expected to remain in education, and many are likely to be making the tricky transition from school, college or university into the labour market. Being NEET at these ages is more likely to reflect a wider range of barriers, including detachment from the labour market, low qualifications and poor health and disability acting as strong barriers to work. Indeed, among NEETs in this age group, a large share only has qualifications at GCSE level or below, and rising proportions are inactive

¹⁰ The RPA was introduced in two stages, first to age 17 in 2013, and then to age 18 in 2015. For more information, see: Department for Education, [Participation of young people in education, employment or training: Statutory guidance for local authorities](#), April 2024. In previous work, we showed that, although a higher share of 16-17-year-olds were in education in 2025 than two decades earlier, the NEET rate for this group has stopped falling since the introduction of the RPA. See: J Diniz & L Murphy, False Starts: What the UK's growing NEETs problem really looks like, and how to fix it, Resolution Foundation, October 2025, <https://doi.org/10.63492/kvz546>.

due to sickness and disability, or are unemployed.

For these reasons, the solutions for 16-17-year-olds are fairly clear-cut: they are still expected to be in education or training, and local authorities already have duties to track, contact and support those who fall out of the system. In previous work, we recommended that the policy response for this age group should prioritise stronger retention, earlier identification of those at risk

of becoming disengaged long before they do, faster re-engagement, and much sharper accountability for local authorities' performance in keeping to their legal duty.¹¹ By contrast, given the more multi-dimensional barriers faced by 18-24-year-olds face, our recommendations were also more complex, and we expand on both the evidence base for this age group and the recommendations specific for them in this report.

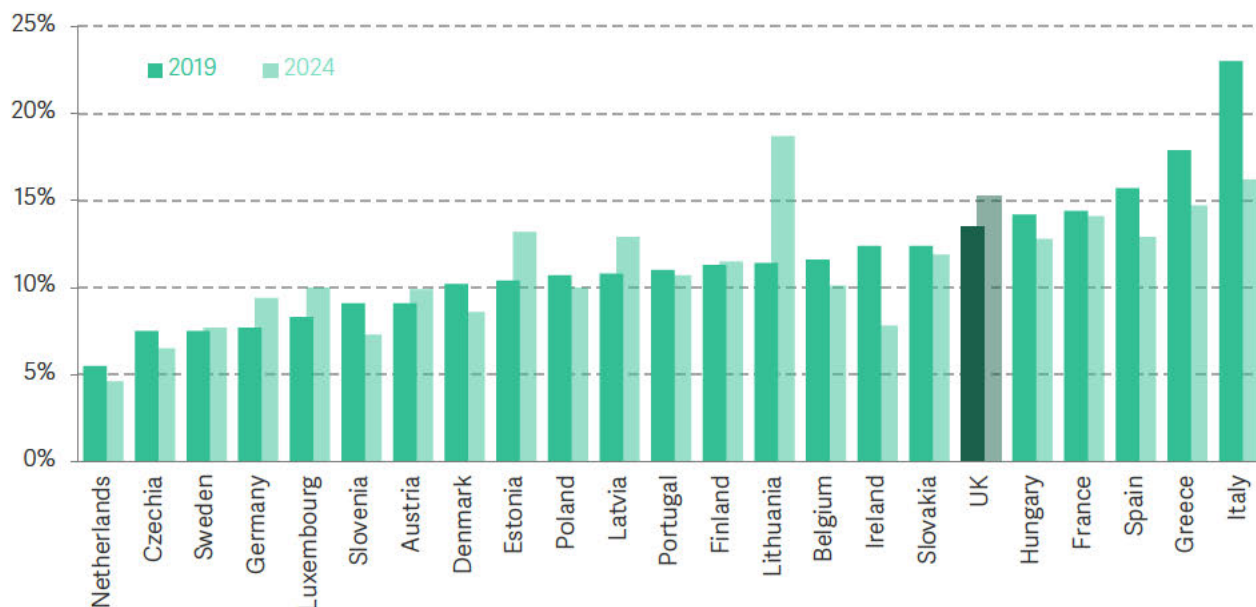
Problem #2: The UK's NEET rate was higher than other European countries even before it began rising

But even if the UK were to return to its 2019 NEET rate, it would still be left with a much higher rate than other European countries. As Figure 3 shows, the UK had a higher NEET rate than most OECD-member EU countries both in 2019, when it had the 18th highest rate (of the 22 OECD-member EU countries and the UK), and in 2024, when it had the 21st highest rate. This points to a second, less discussed but more stubborn challenge the UK has with NEETs: not only have rates risen in recent years, but they were already high by international standards. So reversing recent trends alone must not be the limit of policy makers' ambitions.

¹¹ J Diniz & L Murphy, False Starts: What the UK's growing NEETs problem really looks like, and how to fix it, Resolution Foundation, October 2025, <https://doi.org/10.63492/kvz546>.

FIGURE 3: The UK's NEET rate was already high by EU standards in 2019, and has risen further since

Proportion of young people aged 18-24-years-old that are not in employment, education or training (NEET): UK and OECD-member EU countries, 2019 and 2024



SOURCE: RF analysis of Eurostat, Young persons neither in employment nor in education and training (NEET rates); ONS, Young people not in education, employment or training (NEET).

In what follows we unpick what lies behind these two problems. To that end, the rest of this report is structured as follows:

- In Section 2, we dig into why NEET rate has risen in the UK since 2019, looking at the role of the broader labour market, the state of young people's health and their interactions with the benefit system.
- In Section 3, we investigate why the NEET rate in the UK is high even by international standards, exploring the reasons for other countries' lower rates to learn lessons for the UK.
- In Section 4, we conclude with a framework for how policy can be more ambitious to bring down the NEET rate in the UK in a sustainable way.

Section 2

Why have NEET rates risen since 2019?

This section asks what is driving the post-2019 rise in NEETs. Just over half of the increase in the NEET rate since 2019 can be explained by a weakening of the UK labour market in general. But that still leaves a substantial increase to be accounted for. The data points to a deterioration in young people's health since 2019 as feeding through into higher rates of health-related inactivity, a growing incapacity benefit caseload, and a rising share of young people with no requirement to engage with the world of work at all.

In this section, we ask what is driving the post-2019 rise in NEETs. The NEET rate has always had a strong cyclical component, but (as we show below) the increase in the NEET rate since 2019 goes beyond what we would have expected given the weakening of the UK labour market. So, the bulk of this section concentrates on the other factors behind the young-person-specific element of the rise. We explore several ideas. First, we consider whether recent policy changes have hit youth-heavy sectors especially hard, or whether young people are withdrawing from the labour market in response to weak demand. Second, we explore the deterioration in young people's health since 2019. Third, we consider whether aspects of the benefit system's design or operation may be resulting in more young people claiming, being awarded and/or staying on incapacity benefit than in the past.

Just over half of the increase in the NEET rate can be attributed to a deterioration in the state of the overall labour market

The NEET rate has always had a strong cyclical component. The 18-24-year-old NEET rate reached 19 per cent in the aftermath of the financial crisis in 2011 (with the number rising to 1.1 million) and was similarly elevated following the early 1990s recession.¹² So, a natural

¹² The ONS's official NEET series starts in 2001, but a similar series – the share of young people not in full-time education or employment – is available back to 1992. The share of 18-24-year-olds not in full-time education or employment peaked at 24 per cent in 1993 and rose again to a peak of 22 per cent after the financial crisis. This measure currently stands at 19 per cent (for the three months to January 2026).

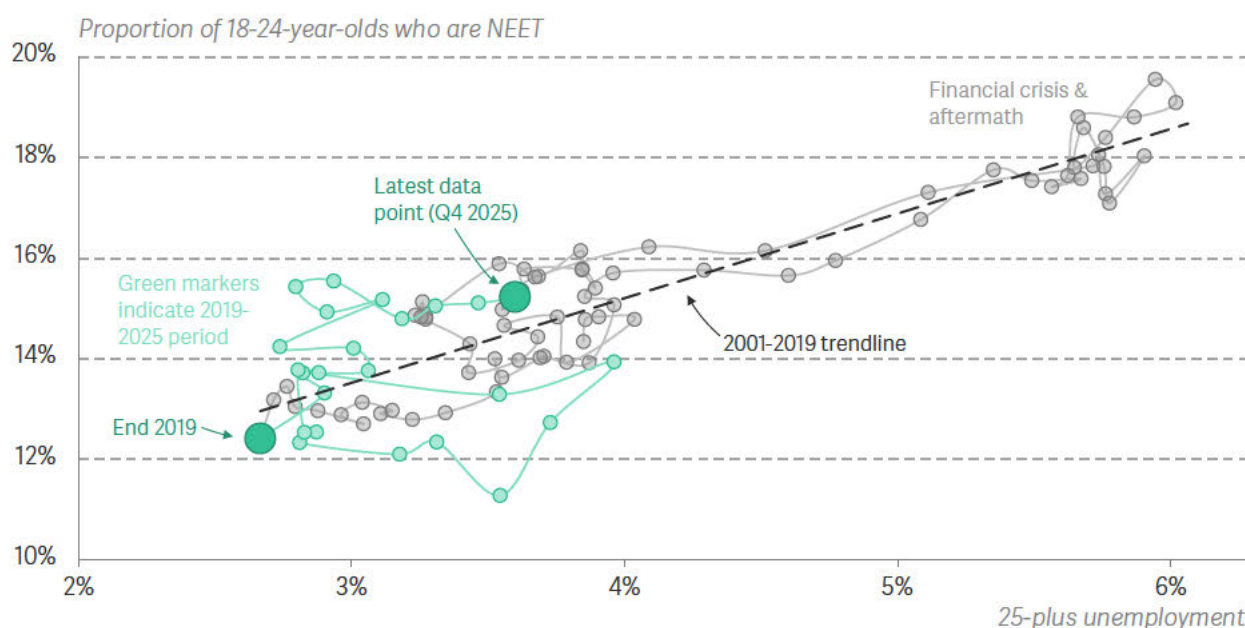
starting point is to ask how much general labour market conditions are to blame for the recent rise.

One way to answer this is to compare changes in the rate of young people who are NEET with changes in the unemployment rate among older adults, a reasonable proxy for overall labour market conditions. Figure 4 plots these against each other, with the 25-plus unemployment rate on the horizontal axis and the 18-24 NEET rate on the vertical axis. The strength of the relationship is clear: between 2001 and 2019, each 1-percentage-point rise in 25-plus unemployment was associated with a 1.7-percentage-point rise in the NEET rate (and changes in the 25-plus unemployment rate explained 86 per cent of the variation in the 18-24 NEET rate over this period).

Since the end of 2019, the 25-plus unemployment rate has increased by 0.9 percentage points (from 2.7 per cent to 3.6 per cent), which would imply a 1.6-percentage-point increase in the NEET rate over the same period based on the 2001-2019 relationship. But the actual increase observed over this period has been close to double that (2.8 percentage points). This suggests just over half of the increase in the 18-24 NEET rate since 2019 is due to wider labour market conditions, and just under half not.

FIGURE 4: The NEET rate is strongly determined by overall labour market conditions, but recent rates have been higher than we would have expected

Proportion of young people aged 18-24-year-old that are not in employment, education or training (NEET), and the 25-plus unemployment rate: UK, 2001-2025



NOTES: The gradient on the line of best fit is 1.7, i.e. a 1 percentage-point increase in the 25-plus unemployment rate is associated with a 1.7 percentage-point increase in the 18-24 NEET rate.
SOURCE: RF analysis of ONS, Labour Force Survey; ONS, Young people not in education, employment or training (NEET).

So, what could plausibly explain the other half of the rise in the NEET rate since the pandemic? Below, we start by considering the idea that young people have been hit harder by recent labour market changes, before going on to discuss the role of young people's health, and the way that interacts with aspects of the social security system.

Recent policy changes may have hit youth-heavy sectors hard, but youth unemployment is not unduly elevated as a result

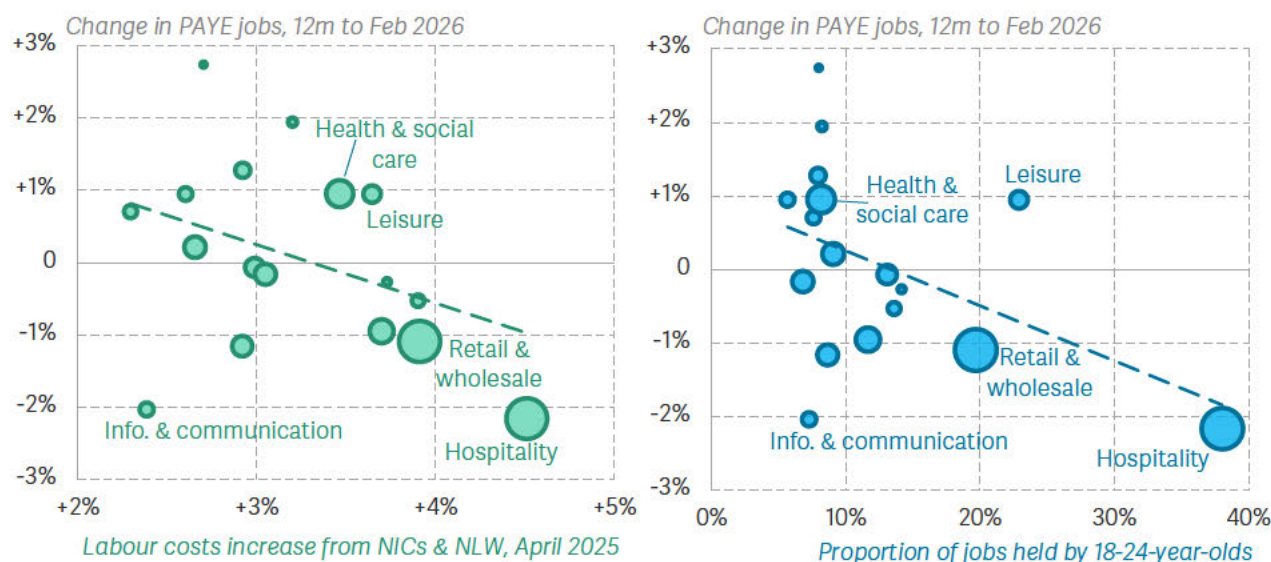
One possible explanation could be that demand has fallen for young workers more than for older workers since the pandemic, perhaps because recent policy changes have had a disproportionate effect on this group. First, there were larger increases in the minimum wage rate for young people in 2024 and 2025 than for older workers (14.8 and then 16.3 per cent for workers aged 18 to 20, compared to 9.8 and then 6.7 per cent for workers aged 21 plus). Second, in 2024, the Government increased the rate of employer National Insurance Contributions (NICs) and (critically for low-paid jobs) reduced the earnings threshold at which they were to be paid, a change that disproportionately affected low-paid sectors in which young people tend to cluster. This has the potential to have an outsized impact on jobs for young people, even though employer NICs are not paid for under-21s.

This hypothesis can be traced through Figure 5, which shows two sets of correlations at the sector level. In the left panel, we show the relationship between increases in labour costs resulting from the employer NICs and National Living Wage increases last year and changes in employment over the past year; in the right panel, we show the relationship between the share of jobs held by young people and changes in employment over the past year.

It is clear that there are correlations between these factors at the sector level: sectors that have shrunk the most are, in general, those which had the largest increases in labour costs, and those sectors are particularly youth-heavy. In the hospitality sector, for example, the employer NICs and National Living Wage changes increased labour costs by 4.5 per cent (compared to 3.3 per cent across the economy as a whole), PAYE jobs have fallen by 2.2 per cent over the past year (compared to 0.2 per cent across the economy as a whole), and 38 per cent of workers in the sector are aged 18 to 24 (compared to 11 per cent across the economy as a whole).

FIGURE 5: Employment has fallen in low-paying, youth-heavy sectors which saw relatively large labour cost increases last year

Policy-induced increases in labour costs in April 2026 (left), and share of jobs held by 18-24-year-olds (right), and change in PAYE jobs 12 months to February 2026, by sector: UK



NOTES: Bubble size represents number of employees aged 18 to 24. Proportion of employee jobs held by 18-24-year-olds calculated in the Labour Force Survey microdata using pooled quarters from 2021 to 2025. SOURCE: RF analysis of ONS/HMRC, Pay As You Earn Real Time Information; ONS, Labour Force Survey; Labour costs increase from NICs & NLW were taken from N Cominetti & G Thwaites, Minimum wage, maximum pressure: The impact of 2025's minimum wage and employer NICs increases, March 2025, <https://doi.org/10.63492/dxif445>.

This already sounds like a recipe for a youth-heavy labour market downturn. But on top of these changes to labour costs, some also point to the impact that AI might be having on the labour market. AI's aggregate impact on jobs, as well as its relative impact on young versus older workers, remains uncertain, but some research has found youth-heavy effects.¹³ Finally, others add the Employment Rights Act 2025 to a list of youth-focused cost changes, as its measures will affect low-paying sectors (which employ a lot of young people) the most.¹⁴ However, none of its major provisions have yet come into effect, and amendments made to the bill should substantially ease any negative impact on hiring.¹⁵

But what cumulative effect has all this change produced to date? So far, the evidence suggests that changes in labour demand (i.e. the availability of jobs) have been only a little more youth-heavy than in previous labour market downturns. The clearest evidence of this is in the unemployment data. The 18-24-unemployment rate is currently 3.9

¹³ B Teeselink, *Generative AI and Labor Market Outcomes: Evidence from the United Kingdom*, September 2025.

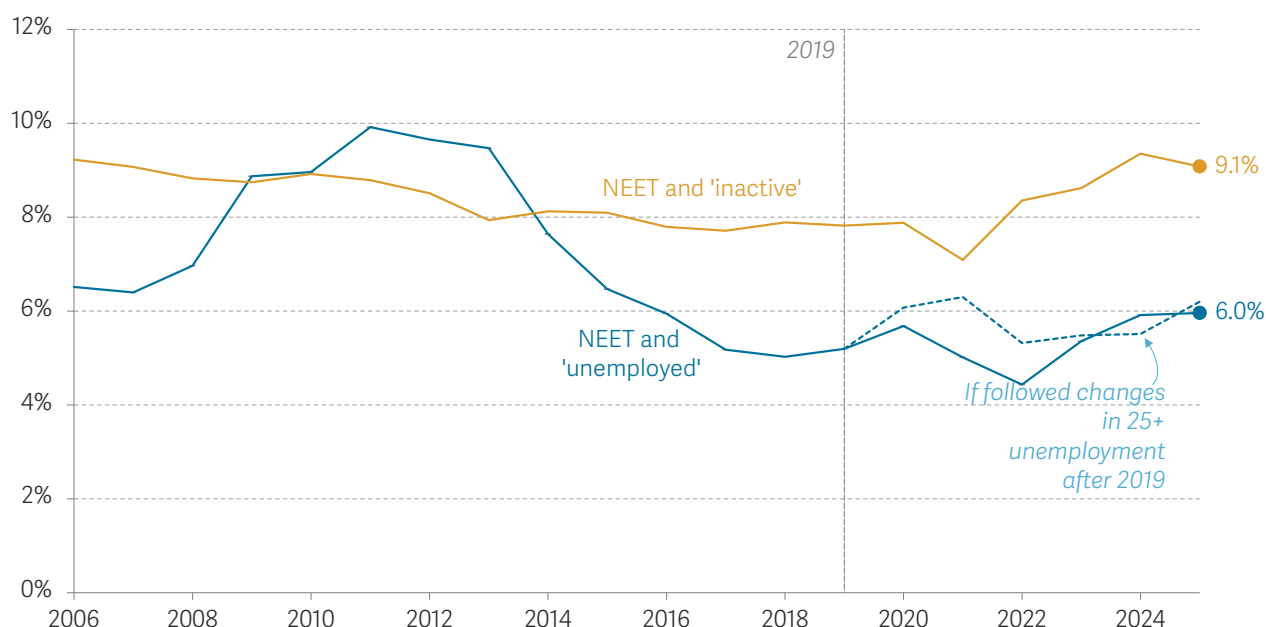
¹⁴ N Cominetti & C McCurdy, *Low Pay Britain 2025*, Resolution Foundation, July 2025, <https://doi.org/10.63492/bjv537>.

¹⁵ The Government's decision to settle on a six-month qualifying period for unfair dismissal protection instead of its original day-one plan reduces the risk associated with hiring an inexperienced young person, for example. See: Department for Business and Trade, *An update on the Employment Rights Bill*, November 2025.

times the 25-plus unemployment rate: this is higher than the 3.4 ratio seen when 18-24 unemployment peaked in 2011 following the financial crisis, but not dramatically so. Similarly, there is little sign in the NEET-unemployment rate (i.e. the number of 18-24-year-olds who are NEET and unemployed as a share of the population) of a youth-specific demand shock: Figure 6 plots the NEET-unemployment rate alongside the path we would have expected this rate to take based only on changes in the 25-plus unemployment rate, and the result is very similar to the actual change.

FIGURE 6: Although youth-heavy sectors have been disproportionately affected by recent policy changes, the NEET unemployment rate is not unduly elevated

Proportion of young people aged 18-24-year-old that are not in employment, education or training (NEET), and the 25-plus unemployment rate: UK, 2001-2025



NOTES: Last data point is 2025. Dashed line marks a data discontinuity in 2019. Annual averages of quarterly published series. NEET and unemployed series 'if followed changes in 25-plus unemployment after 2019' constructed by taking the 2019 NEET-unemployed rate and adjusting it in line with changes in the 25-plus unemployment rate and the historical relationship (2006-2025) between youth and adult unemployment rates.

SOURCE: RF analysis of ONS, Labour Force Survey; ONS, Young people not in education, employment or training (NEET).

There is little evidence that young people have withdrawn into inactivity because of a lack of employer demand

The fact that the relationship between youth and 25-plus unemployment is not very different from that of the past suggests the main cause of the youth-specific increase in the NEET rate since 2019 is unlikely to lie on the demand side. But it is possible that a shift in how young people are experiencing the labour market could result in higher

NEET-inactivity (which increased by 1.3 percentage points between 2019 and 2025 as shown in Figure 6) rather than in higher NEET-unemployment. This would represent a break from the past: NEET-inactivity did not rise at all during or following the financial crisis downturn. But it is certainly possible that a difficult labour market could cause some young people to stop looking for work (and therefore to show up as inactive rather than unemployed) – the so-called ‘discouraged worker’ effect – even if this has not happened before.

In practice, however, it is hard to find evidence of this happening in the data. Labour Force Survey respondents (which is where our unemployment versus inactivity disaggregation comes from) who are ‘inactive’ are asked why. One option is “because no jobs are available”, a clear link to the state of the labour market. But almost nobody gives this answer: only 0.1 per cent of 18-24-year-olds said they were inactive for this reason in 2025. This figure was similarly small (0.1 per cent) in 2019. A larger share of 18-24-year-olds (2.7 per cent) are inactive and don’t give a reason (they either don’t choose from the options offered, or choose “other”) while some (0.5 per cent) say that they are inactive because they have not yet started looking. These three inactivity groups together have increased since 2019 (collectively accounting for 3.2 per cent of 18-24-year-olds, up from 2.5 per cent in 2019) and could together explain about half the total increase in NEET-inactivity.

But it would be a stretch to pin those increases in inactivity solely on changes in the labour market. With no direct evidence of demand-induced inactivity among young people, and with the unemployment data not showing a big youth skew, it does look most likely that reasons for the structural increase in the NEET rate since 2019 are on the supply rather than the demand-side. And that is where we now turn.

The rise in youth inactivity corresponds very closely to the deterioration in young people’s health since 2019 ...

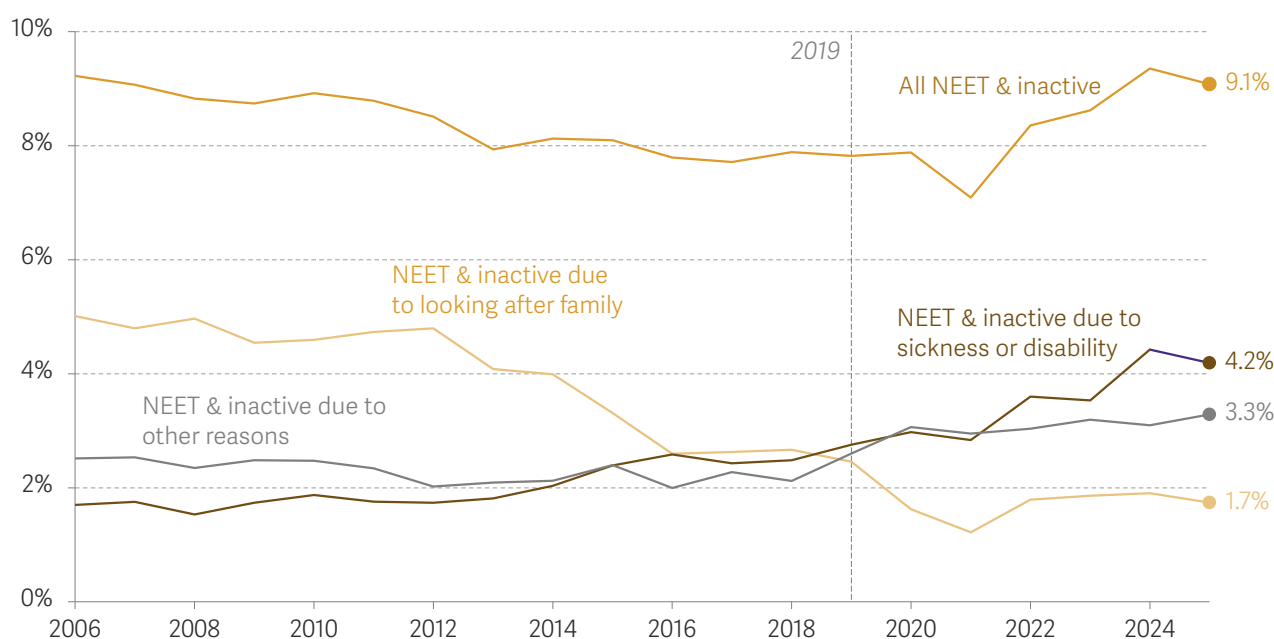
Figure 7 repeats the overall NEET-inactivity rate shown in Figure 6, as well as showing the proportion who report each of three possible reasons for inactivity. It shows three key results. First, there has been a long-run fall in inactivity due to looking after family (mainly coming from young women).¹⁶ Second, there has been a slight increase in inactivity for ‘other’ reasons (which, as discussed above, mainly consists of people who have not started looking for work yet, and people who simply do not give a reason). Third, and most strikingly, the share of 18-24-year-olds who are inactive due to ill health or disability has been rising since at least 2012, but has increased far more sharply since 2019, from 2.8 per cent to 4.2 per cent in 2025. This 1.4 percentage point increase in inactivity due to ill

¹⁶ This is discussed more in: J Diniz & L Murphy, False Starts: What the UK’s growing NEETs problem really looks like, and how to fix it, Resolution Foundation, October 2025, <https://doi.org/10.63492/kvz546>.

health or disability alone can account for the entirety of the increase in the 18-24 NEET inactivity rate since 2019 (1.3 percentage points), and more than accounts for the roughly half of the post-2019 increase in the 18-24 NEET rate (of 2.8 percentage points) that can be attributed to youth-specific (1.2 percentage points) rather than labour-market wide (1.6 percentage points) factors (on the basis of the analysis in Figure 4).

FIGURE 7: The inactive-NEET rate has risen especially sharply since the pandemic, mainly due to ill health and disability

Proportion of young people aged 18-24-years-old that are not in employment, education or training (NEET) and inactive, by reason for inactivity: UK



NOTES: Last data point is 2025. Dashed line marks a data discontinuity in 2019. Breakdowns of inactivity are derived from the microdata and might not add up to the overall inactivity derived from annual averages of quarterly published series.

SOURCE: RF analysis of ONS, Labour Force Survey; ONS, Young people not in education, employment or training (NEET).

Strikingly, this rise in the share of young people who are NEET and inactive because of poor health or a disability lines up very closely with the rise in the share of young people reporting activity-limiting health conditions. The left panel of Figure 8 shows estimates from the Labour Force Survey of the proportion of 18-24-year-olds reporting a health condition lasting 12 months or longer which limits their day-to-day activities.¹⁷ Prevalence has been growing over the past two decades, but increases have sped up in more recent years. In 2019, 14 per cent of 18-24-year-olds said they had a long-term health condition

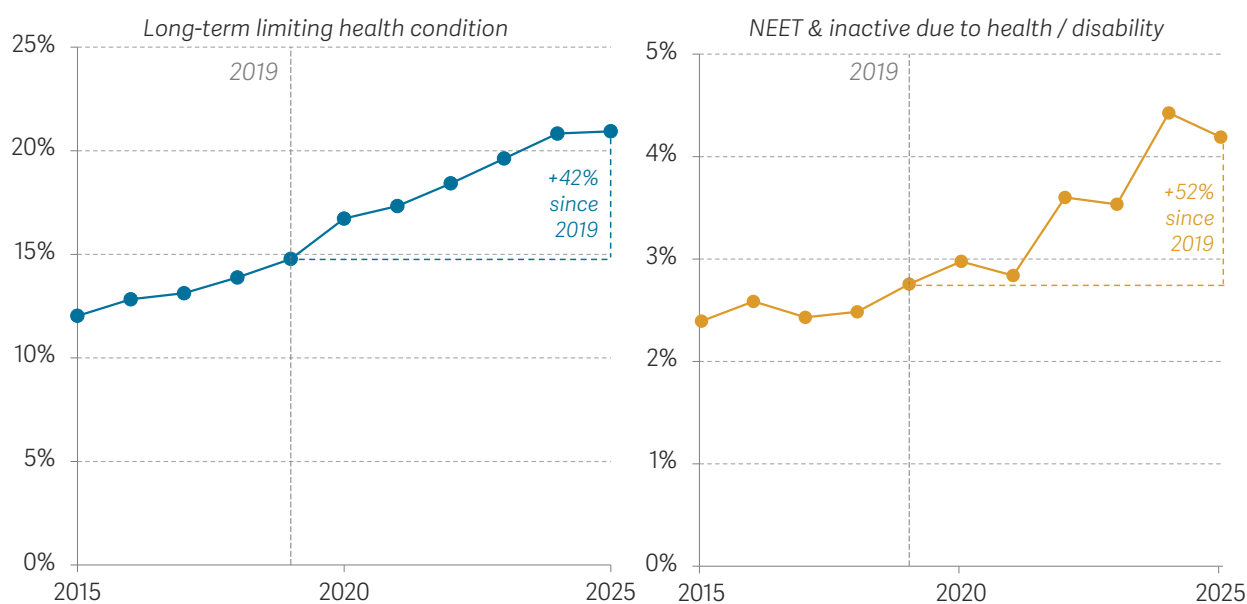
¹⁷ This data comes from the Labour Force Survey. The paragraph mentions some other data sources which indicate worsening health among young people. The level of and increases in the prevalence of long-term health conditions seen in the Labour Force Survey are also found in other survey data (albeit not to identical degrees), such as Understanding Society, the Family Resources Survey, and the Health Survey for England. These comparisons are shown in Annex 1.

which limits their activity; by 2025 this had risen to 21 per cent (an increase of 48 per cent, very similar to the 52 per cent rise in the fraction of young people who are NEET and inactive because of ill health). Other data paints a similar picture of deteriorating health among young people, especially mental health. In the Understanding Society survey, for example, the share of 18-24-year-olds reporting a common mental disorder such as depression, anxiety or bipolar condition has increased sharply since the mid-2010s, and this trend is matched by a rise in the number of anti-depressant and anti-psychotic drugs prescribed to 18-24-year-olds.¹⁸

When we put this next to the share of 18-24-year-olds NEET and inactive due to sickness or disability – as we do with the right panel of Figure 8 – the correlation between the two is clear. This supports an interpretation that worsening health among young people is the crucial driver of the youth-specific increase in the NEET rate since 2019.

FIGURE 8: The rising share of young people that are inactive because of disability or a health condition closely tracks broader health trends

Proportion of 18-24-year-olds with a long-term limiting health condition (left), and that are not in education, employment or training (NEET) due to health or disability (right): UK



NOTES: Dashed line marks a data discontinuity in 2019. The LFS asks whether the respondent has a health condition (varying from physical or mental impairment or conditions, illness or disability) lasting or expected to last at least 12 months.

SOURCE: RF analysis of ONS, Labour Force Survey.

¹⁸ Details are cited in: C McCurdy and L Murphy, We've only just begun: Action to improve young people's mental health, education and employment, Resolution Foundation, February 2024. <https://doi.org/10.63492/cxp2417>

... and the rising share of young people in receipt of incapacity benefits has also moved in lockstep with health trends since 2019

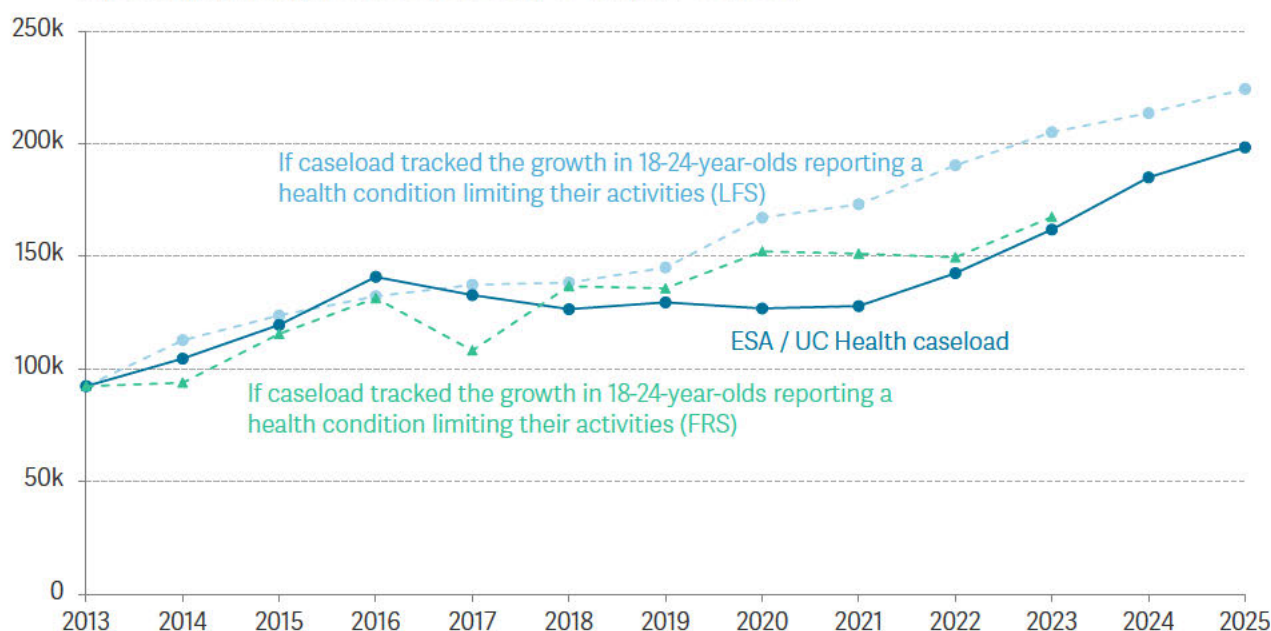
This conclusion that worsening health among young people is the crucial driver of the youth-specific increase in the NEET rate since 2019 is strengthened further by data on the share of 18-24-year-olds that are in receipt of an incapacity benefit (by which we mean Employment and Support Allowance (ESA), which was closed to new claimants in 2019, or Universal Credit Health (UCH)).¹⁹ Figure 9 shows how the caseload of young people on ESA/UCH has changed in recent years. There was a clear acceleration from 2021: the share of 18-24-year-olds in receipt of incapacity benefit has risen from 2.4 per cent in 2019 to 3.6 per cent in 2025, an increase of 52 per cent (or from 130,000 in 2019 to 210,000 in 2025).

The most straightforward explanation for this trend is that a genuine deterioration in health is reducing young people's capability to work and leading them to claim incapacity benefits. Figure 9 plots how the 18-24-year-old incapacity benefit caseload would have changed had it tracked the rise in young people reporting health conditions that limit their daily activities in survey responses since 2013. Before the pandemic, there was a very tight relationship between the number of young people reporting a limiting health condition and the number in receipt of ESA/UCH. The ESA/UCH caseload then lagged behind the growth in young people reporting limiting health conditions during the pandemic but has caught up in the last few years. This suggests that the rise in the incapacity benefit caseload is consistent with the trends in ill health among young people.

¹⁹ Universal Credit (UC) was rolled out gradually from 2013 onwards and the full service was implemented from 2019 (i.e. all new claims for incapacity benefit from that point on had to be for UC).

FIGURE 9: The rise in the 18-24-year-old incapacity benefit caseload tracks the rise in young people reporting limiting health conditions

ESA and UC Health caseload, and caseload if growth had tracked growth in people reporting limiting health conditions, 18-24-year-olds: UK



NOTES: Caseload figures for February of each year. LFS values for January of each year. FRS values for the relevant financial year.

SOURCE: RF analysis of DWP, Family Resources Survey; DWP, StatXplore; ONS, Labour Force Survey.

It is clear then, that three things have moved in step – reduced health of young people, increased inactivity of young people due to ill health, and increased benefit claims due to ill health. There has not been a shift in the relative relationship between those three, and the data is consistent with a story of a health crisis in young people causing less work and more benefits. But is it as simple as that? It is also possible that aspects of the labour market or the benefits system have themselves caused worsening reported health.²⁰

In the rest of this section, we think about whether aspects of the design or operation of the benefit system might be driving up claims of UCH, what is causing an increasing share of claimants of UCH to be placed in the most severe health group, and factors that influence how quickly young people flow off benefits.

²⁰ A Irvine & T Haggard, Conceptualising the social in mental health and work capability: implications of medicalised framing in the UK welfare system, March 2023, <https://doi.org/10.1007/s00127-023-02449-5>. See also Department of Health and Social Care, *Independent review into mental health conditions, ADHD and autism: interim report*, March 2026. This report argued that “current patterns are shaped as much by the design of systems as by underlying need, including the incentives those systems create and the increasing tendency to medicalise forms of distress that may have broader social or developmental roots”; see also J Nevett, *Mental health conditions are overdiagnosed, Streeting says*, BBC, March 2025.

A number of structural changes to the benefit system in recent years may have driven up claims for incapacity benefits

In looking at the rise in the NEET rate, and in the caseload for UCH, it is important to examine the incentives within the benefit system that could be causing such increases. It could be the case that the benefit system encourages people to 'medicalise' their experience, for example, and thus to identify as ill to a greater extent than otherwise. It could also be the case that, to the extent the benefit system is not supporting work, mental health conditions (for example) are deteriorating as a result of a lack of work or low income. We consider three changes in the benefit system that could be playing a role in increased claims for incapacity benefits: the introduction and continued rollout of Universal Credit; the low value of benefit rates and the gap between unemployment and incapacity support; and the intensification of conditionality requirements.

The introduction of Universal Credit

One suggestion is that the introduction of UC may be routing people who would have previously remained on unemployment benefits towards incapacity benefits. Under the legacy benefit system, unemployed recipients of Jobseeker's Allowance (JSA) who fell ill for periods of less than 13 weeks could remain on that benefit with work search requirements suspended until their health improved, and didn't have to claim an incapacity benefit.²¹ Under UC, the rules are different: temporary periods of sickness can last no more than 14 days, and recipients with fit notes with a duration of 29 days or more may be referred for a Work Capability Assessment and therefore flow onto UC Health.²² In both cases, the result could be that a greater share of unemployed people who have periods of ill health are moved onto an incapacity benefit. The reduced friction of moving from standard UC to UCH without having to claim an entirely different benefit may also have contributed to higher numbers of people applying for the incapacity benefit.

The low value of benefit rates and the gap between unemployment and incapacity benefits

Incapacity benefits are set higher than unemployment benefits because recipients are expected to rely on them for longer. For a single person aged 21-24 in the UK, incapacity benefits are worth £177 per week in 2026-27 (if the claim began before April 2026), compared to £78 on unemployment benefits (see Figure 10). This large gap between the two rates created a strong incentive to claim incapacity benefits on top of the standard allowance.²³ This was a key reason why the Government acted last year to cut

²¹ Disability Rights UK: [Jobseekers Allowance](#), accessed 22 April 2026.

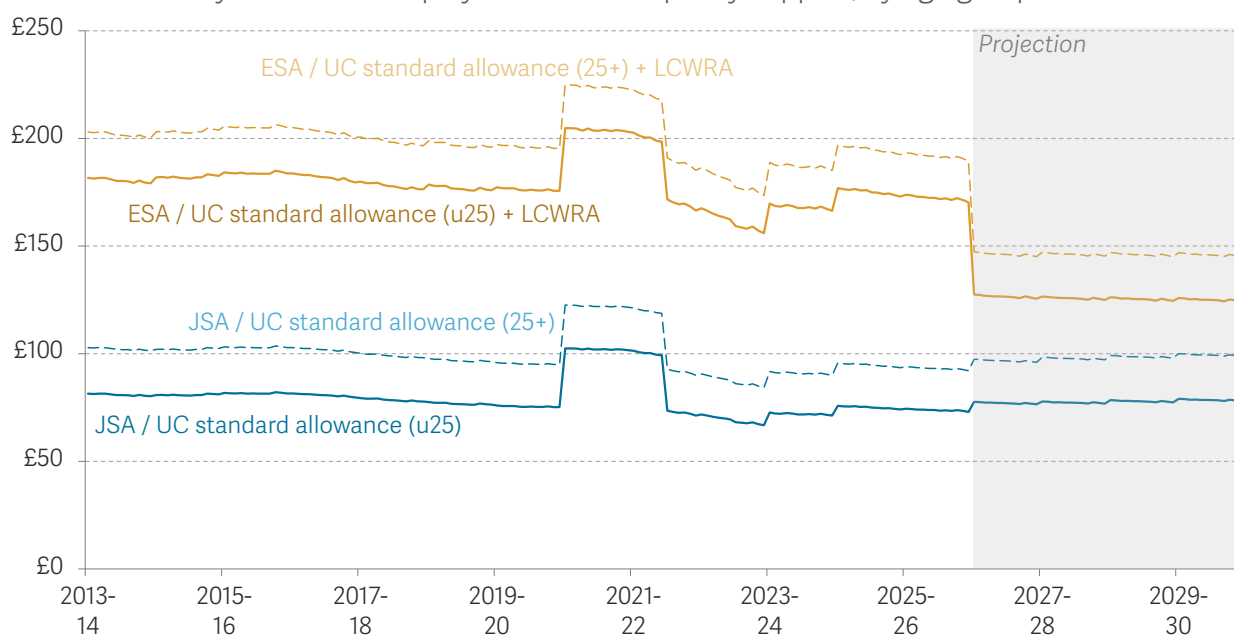
²² DWP, [Universal Credit: Health conditions and disability guide](#), accessed 22 April 2026.

²³ Because under-25s receive a lower UC standard allowance than those aged 25-plus, the incentive for young people is even stronger: a UCH award would boost their income by 127 per cent compared to 101 per cent for someone aged 25 or more.

the UCH element for claimants from April 2026 from £99 to £50 per week, alongside a commitment to above-inflation increases to the standard allowance until 2029-30.

FIGURE 10: Low unemployment support could be pushing people to claim UCH, which is why the Government cut the rate of UCH for new claimants from April 2026

Real weekly value of unemployment and incapacity support, by age group: UK



NOTES: March 2026 prices, deflated by CPI. LCWRA is the UC Limited Capability for Work and Work-Related Activity element for new claimants

SOURCE: RF analysis of DWP, Abstract of benefit statistics; OBR, Economic and Fiscal Outlook, March 2026.

That said, it is not just the individual we should keep in mind. The large majority of NEETs are still living in the familial home and we estimate that around one-quarter (25 per cent) are in a household which is also in receipt of means-tested benefits.²⁴ So, it is worth thinking about the incentives to claim from a household perspective too.

Figure 11 unpicks the pieces. At the household level, families on UC lose money when their child becomes a non-dependent adult (when they turn 16, or 19 if in full-time non-advanced education or approved unpaid training), even if the child starts claiming UC themselves (which they are newly eligible to do). That's because the parents lose entitlement to both the UC child element and Child Benefit (worth £5,600), whereas their adult child's own UC claim can add only £4,100 if on the standard allowance.²⁵ For renting households, a further deduction of £1,200 is applied to the parents' UC award when the young person turns 21. This is because the UC rules assume that their grown-up child

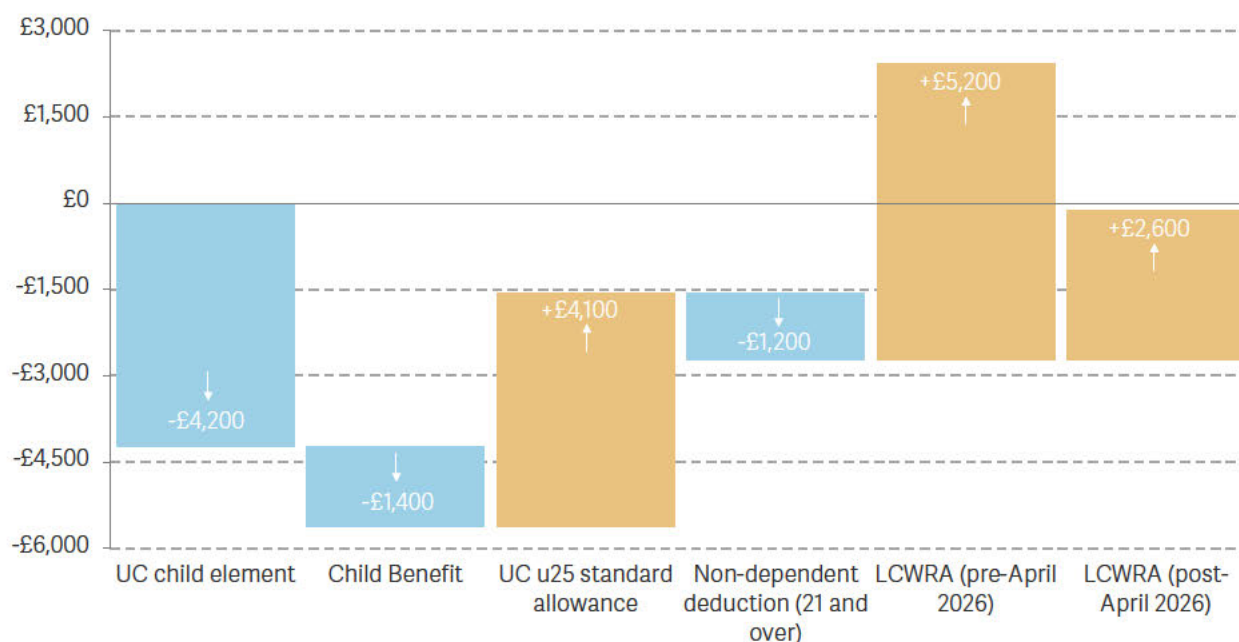
²⁴ Source: RF analysis of DWP, Family Resources Survey.

²⁵ We assume the family is receiving the higher (pre-April 2017) UC child element. Eventually, all families receiving UC will receive the lower child element, which is lower than the u25 standard allowance, but this will not be the case until the mid-2030s.

should now contribute to the household's rent, even if the grown-up child is receiving UC themselves (and they would not be eligible to receive a UC housing element towards any rent contribution). Combined, the renting household is £2,700 worse off than when they were a dependent child. But if the newly eligible child receives LCWRA on top of the standard allowance, the renting household's income will be only £100 lower than under dependent child status (before the recent LCWRA cut the household would have ended up £2,600 better off as a result of these changes).

FIGURE 11: For a family receiving UC, overall benefit income falls when a child comes of age, even if that child goes on to claim UC

Change in household benefit income when a dependent child in a family receiving UC becomes a non-dependent adult: UK, 2026-27



NOTES: Shows an out-of-work family with one child receiving the higher (pre-April 2017) UC child element for oldest children. Eventually, all families receiving UC will receive the lower child element for all children, which is lower than the u25 standard allowance, but this will not be the case until the mid-2030s.
SOURCE: RF analysis of DWP, Abstract of benefit statistics.

UC has less flexible conditionality requirements than legacy benefits, meaning more people may be routed to incapacity benefits today

Finally, there is one more feature of UC which may be at play. UC has stricter and more extensive conditionality requirements than legacy benefits.²⁶ These changes may have increased the incentive for some claimants to apply for incapacity benefits. But

²⁶ For example, unemployed people on UC face more exacting conditions than those on JSA, lone parents with younger children have been moved into the group with the highest work search requirements, and people with less severe health conditions have more conditions placed upon them. See OBR, *Fiscal risks and sustainability*, July 2023 for further details.

there is also evidence that work coaches sometimes feel that full enforcement of UC's conditionality requirements is inappropriate for certain recipients. In such cases, and particularly if they lack the knowledge to apply easements properly, they may refer people to a WCA in order to help them dial-down conditionality.²⁷

The impact that the shift to UC and related work coach behaviour may be having on the incapacity benefits caseload is difficult to assess. There is currently little published data on people's employment and benefit circumstances immediately before they flow onto an incapacity benefit that would help us to quantify the routes people are taking to get there, a gap that the OBR has flagged as needing to be addressed.²⁸ The most relevant evidence comes from a study of an earlier conditionality expansion: research found that, following the tightening of conditionality for lone parents between 2008 and 2012, for every four people who moved into work in response, another three started claiming incapacity benefits.²⁹ Both of these suggest that tighter conditionality in the standard system means more people end up on an incapacity benefit.

It's not just that more young people are claiming incapacity benefits than in the past, but more are being awarded them too

All three factors discussed could plausibly have some role to play in driving up the numbers of young people claiming incapacity benefits over time.

One way to think about whether this is the case is to look at what happens when young people first make a claim for an incapacity benefit and go through the Work Capability Assessment (WCA). At the end of this process, the decision maker allocates the claimant to one of three groups: fit for work – in which case the claimant simply goes back into the jobseeker group; limited capability for work (LCW) – when the claimant is not required to actively look for work but has to undertake work-related task such as interviews or other activities; and limited capability for work-related activity (LCWRA) – which means the claimant has no requirements placed on them at all, and also receives a higher rate of support in recognition of the fact that they may be out of work for some time.³⁰

Figure 12 shows that, among the under-25s who make a claim for an incapacity benefit, the share that are found to be fit for work (i.e. those who 'fail' the WCA) has not changed

²⁷ Social Security Advisory Committee, *The effectiveness of the claimants commitment in Universal Credit*, September 2019. A Work and Pensions Select Committee inquiry similarly found that work coaches can struggle to accurately identify claimant support needs. See: Work and Pensions Select Committee, *Universal Credit: support for disabled people*, December 2018.

²⁸ OBR, *Welfare Trends Report*, October 2024.

²⁹ M Codreanu and T Waters, Do work search requirements work? Evidence from a UK reform targeting single parents, IFS, February 2023. <https://doi.org/10.1920/wp.ifs.2023.0223>. Another study estimates that around one in ten of the same cohort who would have been exposed to work-search conditionality instead moved onto an incapacity benefit; see: S Avram, M Brewer & A Salvatori, Can't work or won't work: Quasi-experimental evidence on work search requirements for single parents, *Labour Economics*, 51, 2018, <https://doi.org/10.1016/j.labeco.2017.10.002>.

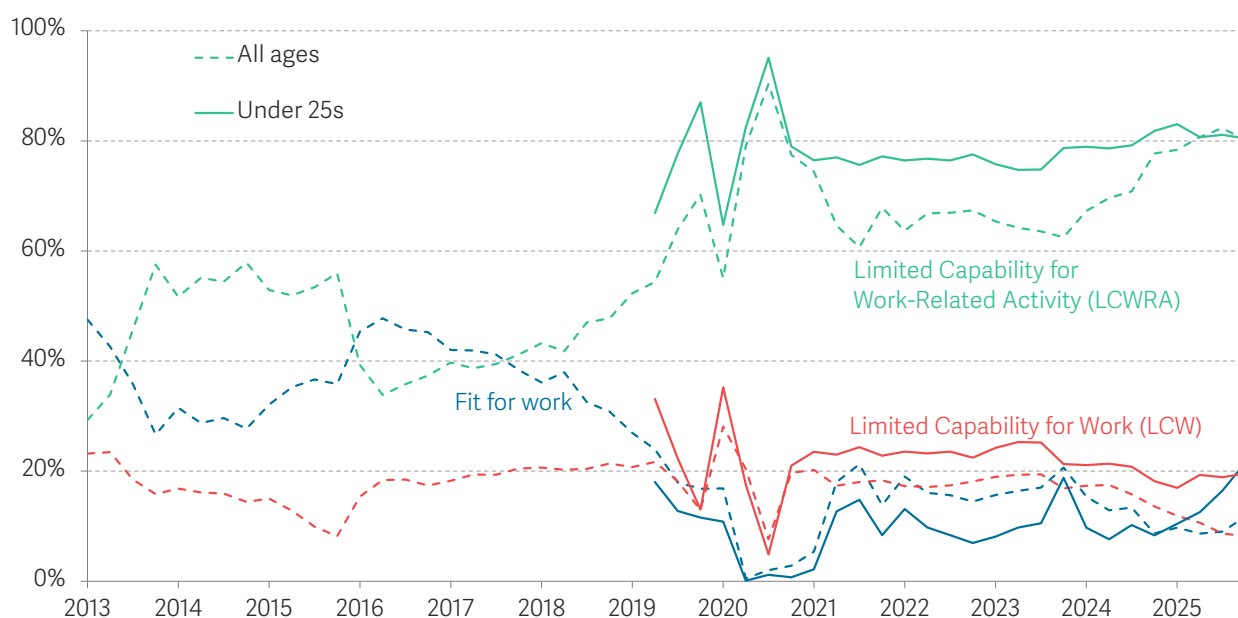
³⁰ Equivalent groups had different titles under the legacy benefit Employment Support Allowance (ESA). The Limited Capability for Work group was known as the Work-Related Activity Group (WRAG) and the Limited Capability for Work Related Activities group was known as the Support Group. Although some young people would have been in receipt of ESA as opposed to UCH during the period covered in this report, from this point on for simplicity's sake we refer only to the UCH groups.

since before the pandemic (the rate has slightly dropped when we look at all ages). But it is before the pandemic that the story really occurs. Data by age groups is not available before 2019, so here we can only look at the experience of all ages together: as the chart shows, the share that are deemed fit for work has been falling since around 2016 when it peaked at 48 per cent; it is just 12 per cent in the most recent data.

But Figure 12 has another interesting, and very important, tale to tell. The declining share of incapacity benefit applicants that are found fit for work is very closely mirrored by the rising share that are placed in the highest needs group (LCWRA), with all the implications that has for both higher benefit spending and a rising number of benefit recipients who have no engagement with a work coach (as shown in Figure 15 below). In many respects this is curious: if one believes (as some do) that there is a growing tendency to medicalise more marginal health conditions then we might expect a growth in the less severe category (LCW). On the other hand, given that the rates and conditionality regimes incentivise claimants to try to be placed in the LCWRA group much more strongly than LCW, it is consistent both with those incentives playing an important role and with a meaningful deterioration in the health of the population.

FIGURE 12: The proportion of incapacity benefit claimants of all ages being placed in the highest need group after an initial WCA is historically high

Proportion of people in different Work Capability Assessment outcomes, by age group: GB



NOTES: LCWRA includes ESA Support group and LCW includes ESA WRAG group. Under 25s shows Universal Credit claimants only; all ages shows claimants of UC and ESA. Shows initial decisions only and not reassessments. The sharp increase in people of all ages being placed in the LCWRA group from 2024 to 2025 is a result of managed migration from ESA to UC. No age breakdown available before 2019.

SOURCE: RF analysis of DWP, StatXplore.

Changing case law

Case law decisions are constantly clarifying when claimants should be found to have a work-limiting condition, and the cumulation of these decisions may have led to a higher proportion of claimants being placed in the LCWRA group. A landmark case was *Charlton v Secretary of State for Work and Pensions* (2009), which established that the assessment of 'substantial risk' to health from working must relate to the specific work a claimant is realistically capable of doing, rather than employment in a general sense.³¹ Another important ruling was made in 2015, when an Upper Tribunal panel held that decision makers must predict and provide evidence of work-related activity available locally to a claimant when assessing potential health risks.³² DWP has said that the 'substantial risk' criteria was originally intended to apply only in "exceptional circumstances", but accounted for 15 per cent of new LCWRA cases in 2023.³³ These and other cases may have expanded the number of claims that are likely to be found to have limited work capability, and may have helped to give clarity to assessors when making decisions.

The removal of a mid-level award for incapacity benefit

For claims made before 2017, there is an additional payment for recipients in the LCW group of £37 a week in 2026-27 (compared to £99 for those in the LCWRA group who claimed before April 2026). This was abolished for claims made after April 2017, explicitly to remove the financial incentive for people with less severe health conditions to claim UCH rather than remain in the fit-for-work group. It has been suggested, however, that this could lead assessors to award LCWRA status instead of LCW.³⁴ In practice, however, the data does not clearly support this interpretation: the LCW share of initial WCA outcomes remained broadly stable at around 20 per cent between 2016 and 2024 and fell only in the last two years, while the LCWRA share rose (as Figure 12 shows).

Fewer young people on incapacity benefits are being reassessed than was the case before the pandemic, slowing off-flow

So far, we have shown that, since 2019, there have been both more young people claiming incapacity benefits, and a high award rate.

But the stock of young people receiving UCH is also a function of the off-flow rate. Given this, the analysis we present in Figure 13 should give pause for thought. The left panel shows there has been a near-collapse in WCA reassessments since the pandemic, meaning that once people are receiving incapacity benefits we would expect fewer people to flow off them than in the past. The chart shows that the rate of repeat

³¹ *Charlton v Secretary of State for Work and Pensions* [2009] EWCA Civ 42

³² *IM v Secretary of State for Work and Pensions* [2015] AACR 10ws

³³ DWP, *Work Capability Assessment: Activities and Descriptors Consultation Paper*, September 2023.

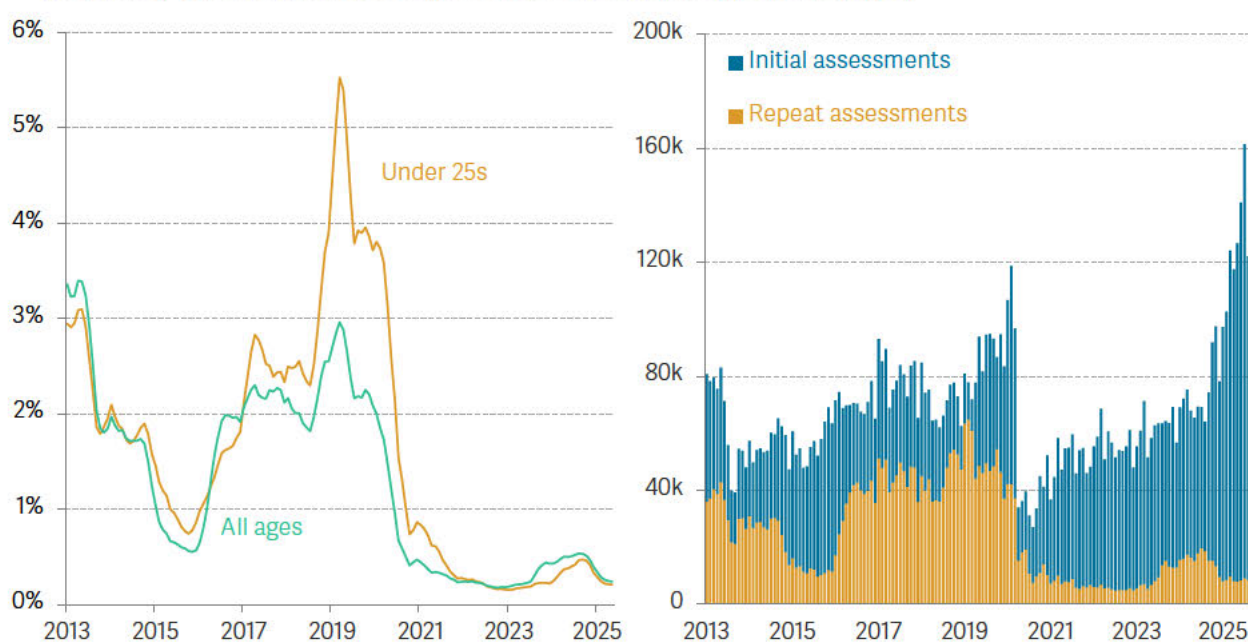
³⁴ DWP, *Work Capability Assessment reform: estimated number of claimants affected*, April 2024.

WCAs (i.e. reassessments) for under-25s undertaken each month fell dramatically from 3.8 per cent of the caseload in January 2020 to 0.2 per cent in January 2023 – a rate that is matched in the most recent data (June 2025). This is fewer than 500 reassessments per month, compared with highs of around 3,500 per month in the late 2010s. Indeed, before the pandemic, young people were being reassessed at a higher rate than those aged 25 and over, which seems sensible if young people’s health conditions are more likely to be flexible or have scope to improve; but this is no longer the case.

This decline in reassessments reflects a backlog of all assessments following their pause during the pandemic, combined with a sharp rise in claims that led DWP to prioritise initial over repeat assessments (as the right panel of Figure 13 shows).³⁵ Restoring reassessments will reduce the number of young people staying on incapacity benefits for too long, but will not alone significantly transform the caseload. If DWP returned to its 2017 to 2020 average of reassessing around 3,100 under-25s per month (the highest point observed to date), we estimate that around an additional 2,800 of the 200,000 young UCH recipients would flow out of the group each year due to being found ‘fit for work’. This is a relatively small proportion of the overall caseload, but would be around six times the current off-flow of young people from the UCH caseload due to being found fit for work.

FIGURE 13: WCA reassessments collapsed when the pandemic began, and have never recovered, partly because initial assessments are taking priority

Proportion of ESA and UC Health recipients who had a repeat Work Capability Assessment each month, by age group: GB (left); and number of Work Capability Assessments each month by whether initial or repeat assessment (all ages): GB (right)



NOTES: Shows people on Universal Credit and claimants of Employment and Support Allowance. The sharp increase in assessments in 2025 for people of all ages is a result of managed migration from ESA to UC.

SOURCE: RF analysis of DWP, StatXplore. FOI 2026_16122

³⁵ DWP, [ESA: Work Capability Assessments, Mandatory Reconsiderations and Appeals](#), September 2025; DWP, [Spring Statement 2025](#), [Health and Disability Benefit Reforms — Equality Analysis](#), March 2025.

Work incentives have increased for young people in receipt of benefits in recent years ...

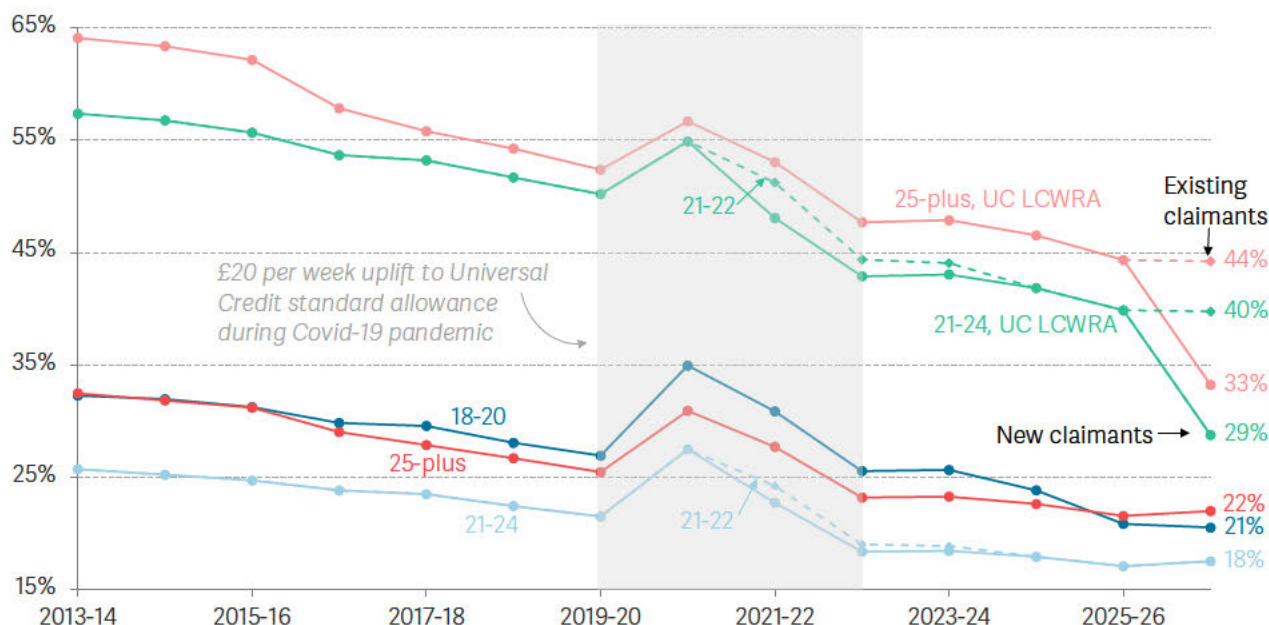
It is sometimes argued that the generosity of the benefit system is partly responsible for the rise in the NEET rate in recent years, with UC effectively providing a comfortable income floor with little incentive to leave the benefit.³⁶ In fact, it is implausible that benefit rates are responsible for the change in the NEET rate trend in the last few years.

Figure 14 shows why. In fact, core benefit rates for young people have fallen considerably compared to wages since 2013-14: the proportion of earnings at 35 hours per week at the National Minimum Wage (NMW) covered by unemployment support for 21-to-24-year-olds has fallen from 26 per cent when UC was introduced in 2013-14 to 18 per cent in 2026-27, driven both by a real-terms fall in the UC standard allowance and real-terms increase in youth NMW rates. Likewise, the proportion of the full-time NMW covered by UCH (the UC standard allowance plus the LCWRA element) fell from 57 per cent to 40 per cent for this age group between 2013-14 and 2025-26, and will fall further to 29 per cent for new claimants in 2026-27. These replacement rates are already lower for young people than for those aged 25 or more, and the fact they have fallen over time means that benefit rates are unlikely to be a cause of a rising NEET rate.

³⁶ A Marr, *The UK's broken welfare system makes losers of us all*, New Statesman, November 2024; K Badnoch, *Why only the Conservatives have the guts to fix the welfare system*, Conservative Home, July 2025; J Nevett, *Starmer says benefit system unfair and indefensible*, BBC, March 2025.

FIGURE 14: UC rates are unlikely to be incentivising more young people to remain out of work

Universal Credit standard allowance as a proportion of earnings from working full-time on the national minimum wage, by age group: UK



NOTES: Shows Universal Credit standard allowance for a single person aged under 25, or 25 and above, as a proportion of their earnings if they worked 35 hours a week on the national minimum wage for their age group. From October 2013 to October 2016, the national minimum wage covered adults aged 21 and above. The National Living Wage was introduced in April 2016 and covered adults aged 25 and above until April 2021, adults aged 23 and above from April 2021 to April 2024, and adults aged 21 and above from April 2024. Between October 2016 and April 2023, there was an additional rate for adults aged 21 or above but not covered by the NLW. The dotted line indicates the period where Universal Credit standard allowance as a proportion of earnings from working full-time on the national minimum wage, by age group: 21-22-year-olds received a different rate to 23-24-year-olds. Indicates the NMW as set in October between 2013-14 and 2016-17, and in April for the remaining years. The final data point, 2026-27, uses the rates that came into effect in April 2026.

SOURCE: RF analysis of DWP, Abstract of benefit statistics.

If anything, the reverse may be true: benefit rates for those who are out of work are now so low that they might themselves be contributing to a rising NEET rate, by pushing young people into poverty or ill health and thereby creating barriers to work. Poverty can make the upfront costs of entering work unaffordable, can impair the planning and decision-making necessary to find and sustain employment, and can contribute to worsening health.³⁷ A young person with no housing costs living on the UC standard allowance alone in 2026-27 would have an income of just 30 per cent of the relative poverty line; even a young person receiving the higher UCH rates (before the cut for new claimants from April 2026) would have an income of two-thirds of it. This reality

³⁷ For these arguments, see: R. Lister, *Poverty*, Polity Press, 2004; M. Marmot et al., *Fair Society, Healthy Lives*, Institute of Health Equity, 2010; S. Mullainathan and E. Shafir, *Scarcity: Why Having Too Little Means So Much*, Penguin, 2013; Joseph Rowntree Foundation, *UK Poverty 2024*, JRF, 2024.

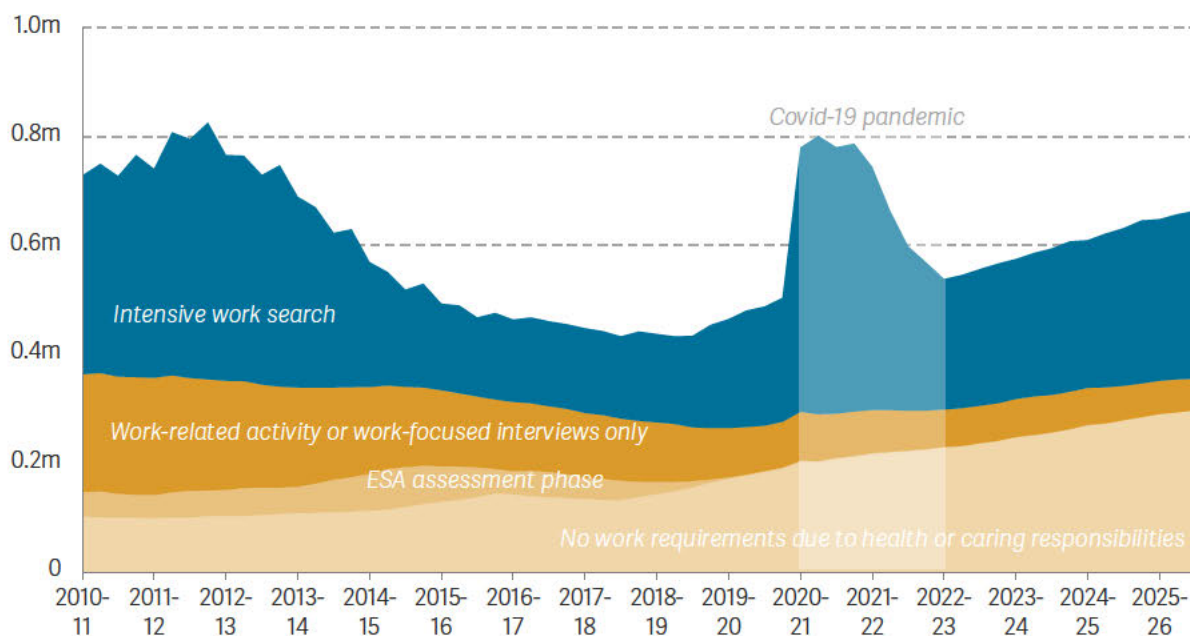
contradicts depictions of young people opting for a comfortable life on benefits rather than working, even for those receiving health-related support.

... But more young benefit recipients have no requirements to engage with the world of work, or may be fearful to do so

The financial incentives for young people to move into work may have strengthened over time, but the share of young benefit recipients that are offered support to help them with that journey has fallen dramatically, as a result of so many more being placed in the LCWRA group (as shown in Figure 12). Figure 15 shows that the number of out-of-work young people who receive means-tested benefits and have no requirement to engage with DWP has increased from 160,000 in 2019 to 300,000 at the end of 2025. At the same time, the proportion of those with 'light' engagement requirements, such as those that focus on promoting work-readiness, has declined.

FIGURE 15: There has been a shift from the 'light' requirements group to the no requirements group among young people receiving means-tested benefits

Number of 18-24-year-olds benefit recipients in different conditionality groups: GB



NOTES: Shows people on Universal Credit and recipients of Jobseekers Allowance, Employment and Support Allowance, Income Support, Incapacity Benefit and Severe Disablement Allowance. All Jobseeker's Allowance recipients are shown in the 'intensive work search' group; in reality a small number may not have this requirement due to their specific circumstances.

SOURCE: RF analysis of DWP, StatXplore.

Moreover, there is evidence that incapacity benefit recipients of all ages are often fearful that undertaking work-related activities or trying a job will lead to their UCH claim ending.³⁸ This is a reasonable fear: the median wait-time for initial WCAs in 2024 was around 16 weeks, and the WCA is widely viewed by claimants as an unpleasant and stressful experience.³⁹ Indeed, this effect might apply not just to those claiming incapacity benefits, but non-means-tested disability benefits too (see Box 2). That said, the Government has recently implemented legislation giving recipients of incapacity and disability benefits the right to try work without it automatically triggering a health reassessment.⁴⁰

BOX 2: Personal Independence Payment and work incentives

Personal Independence Payment (PIP) is the working-age benefit paid to qualifying individuals in England, Wales and Northern Ireland to cover at least some of the additional costs they incur as a result of disability. (Adult Disability Payment (ADP) is the equivalent benefit in Scotland). PIP is awarded after claimants go through a functional assessment which evaluates what they can and cannot do. If awarded, the benefit is then paid for mobility or care needs, with both categories payable at a higher or a lower rate. A PIP award can amount to a considerable sum of money, ranging from (in 2026-27) £30 a week for those awarded the standard mobility component, to £195 a week when both the mobility and care

components are paid at the enhanced rate.

PIP is not an out-of-work benefit and is paid in full to eligible claimants who are in paid work. However, an award does boost income and may therefore somewhat reduce the financial work incentive a low income provides. Indeed, as it covers (at least some of) the additional costs of living with a disability, PIP enables work for some.⁴¹ But in practice, this does not always seem to be the case. Study after study has shown that PIP recipients are fearful of working, or even undertaking work-related activities like volunteering or training, because this may count against them in the functional test

³⁸ I Porter, *Unlocking benefits: Tackling barriers for disabled people wanting to work*, Joseph Rowntree Foundation, November 2024; Money and Mental Health policy institute, *Submission to the DWP Health and Disability Green Paper consultation: Shaping Future Support*; C Hale, *Fulfilling potential? ESA and the fate of the work-related activity group*, Mind/Centre for Welfare Reform, June 2014.

³⁹ Wait times are from: DWP, *ESA: Work Capability Assessments, Mandatory Reconsiderations and Appeals: June 2025*. For more on this, see: B Barr et al., 'First, do no harm': are disability assessments associated with adverse trends in mental health? A longitudinal ecological study, *Journal of Epidemiology & Community Health*, October 2015, <https://doi.org/10.1136/jech-2015-206209>; N Bond, R Braverman and K Evans, *The benefits assault course: Making the UK benefits system more accessible for people with mental health problems*, Money and Mental Health Policy Institute, March 2019.

⁴⁰ DWP, *Right to Try: Policy paper*, April 2026.

⁴¹ L Veruete-McKay, C Moss and C Davy, *Disability Price Tag: The extra cost of cuts*, Scope, June 2025.

when their claim is reassessed.⁴² In a 2025 report, for example, DWP research showed that more than one-third (37 per cent) of those in receipt of PIP only were worried they could lose their benefits even if employment did not work out.⁴³

Finally, we know 150,000 18-24-year olds are in receipt of PIP without also

receiving UC. Because there is no join-up between PIP and UC, this group will have no contact with a work coach or other source of support who may be able to help facilitate a journey into the labour market or back into education. We will return to these important issues in later research.

Four-in-ten NEETs are not receiving means-tested benefits, so a theory for what is driving up the NEET rate can't only blame the benefits system

The previous discussion shows that engaging with, and then being within, the benefit system involves a complex interplay between needs, incentives and operational decisions. But there is one final reason why we should not over-ascribe the rise in the NEET rate since the pandemic to the benefit system. The strongest evidence for this is presented in Figure 16. Here, we show that since 2019, the share of NEETs in receipt of means-tested benefits has barely increased (from 60 per cent on the eve of the pandemic, to 63 per cent in 2025).⁴⁴

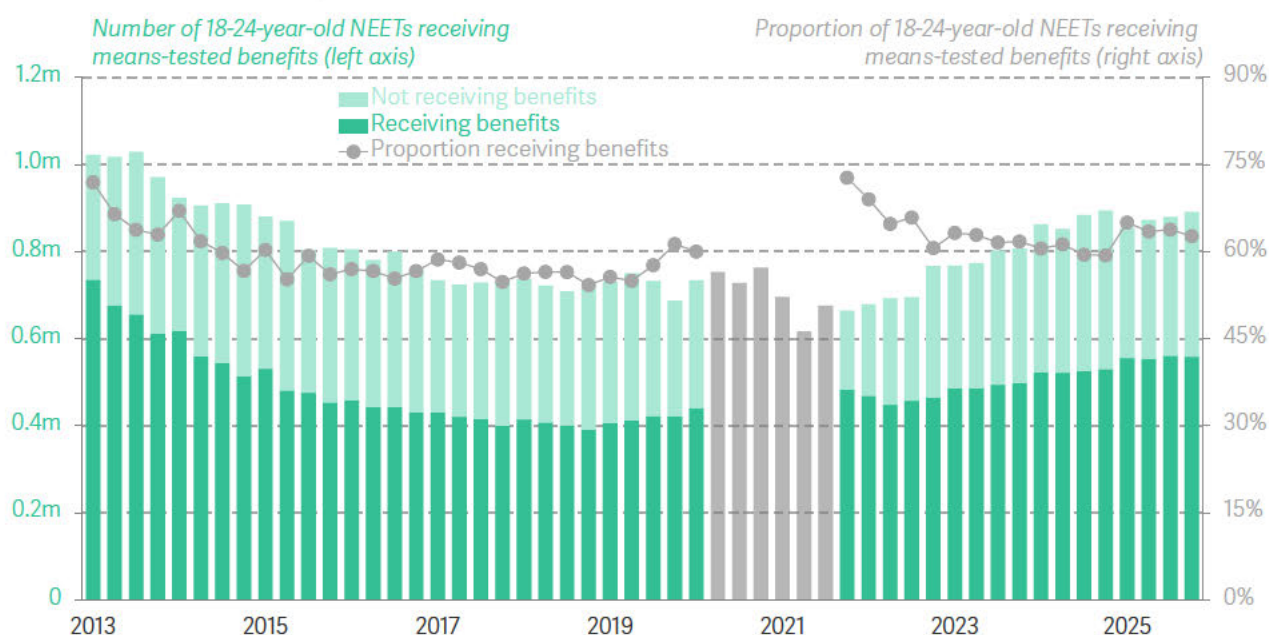
⁴² See, for example, I Porter, *Unlocking benefits: Tackling barriers for disabled people wanting to work*, Joseph Rowntree Foundation, November 2024.

⁴³ DWP, *The work aspirations and support needs of health and disability customers: Interim findings*, February 2025.

⁴⁴ As mentioned in Box 2, a further 150,000 18-24-year-olds are in receipt of Personal Independence Payment only (i.e. and not Universal Credit) which despite not being a means-tested benefit, may still have some effect on behaviours.

FIGURE 16: The share of NEETs claiming means-tested benefits has remained stable in recent years

Number (left axis) and proportion (right axis) of 18-24-year-old NEETs receiving means-tested benefits: GB/UK



NOTES: The total number of unemployed and economically inactive NEETs over time is derived from the Labour Force Survey, and the proportion claiming benefits is estimated using DWP administrative data. The combination of these two data sources is unreliable during the Covid pandemic for unemployed claimants so has been greyed out.

SOURCE: RF calculations based on DWP, StatXplore; ONS, Labour Force Survey.

How we interpret this finding is open to debate. On the one hand we could speculate that the 330,000 NEETs not in receipt of means-tested benefits today are those who are likely to be NEET for a short period of time or have other resources including family who can provide income support during this stage of life. If that is the case, then policy makers need not concern themselves with this group. On the other hand, young people in the no-benefits group could be some of the most vulnerable and hard-to-reach NEETs with the state having no easy mechanism to identify and assist. But wherever one comes out on this issue, one thing is plainly true: the means-tested benefit system cannot be the reason why these young people are NEET.

Summary

This section has shown that just over half of the rise in the NEET rate since 2019 reflects a weakening labour market, but that other factors are also playing a role, as the NEET rate has risen more than the current economic downturn alone would predict. On the face of it, a lack of jobs availability is not the explanation, since current rates of youth unemployment are not especially elevated relative to unemployment in the wider

population. The rise in the NEET rate not explained by the wider labour market can, though, be more than fully explained by a rise in inactivity due to ill-health or disability.

This rise in health-related inactivity is matched by a genuine deterioration in the reported health of young people and by a corresponding increase in health-related claims in the benefit system. Young people are more ill, less in work, and more likely to be on benefits by corresponding amounts. This doesn't mean we can ignore the benefits system, though, as a possible cause of all three.

Benefit generosity seems unlikely to be the driver: out-of-work benefit rates have fallen relative to earnings over the period in question and, if anything, the poverty-level income that young benefit recipients face may itself be contributing to the problem, by deepening the health and financial barriers to employment.

Structural changes to the benefit system – including cumulative case law and the behaviour of work coaches within an increasingly rigid conditionality framework – may be routing people who might previously have been managed on an unemployment benefit onto UC Health. Those people may then be identifying as ill in a way they did not before. A key weakness here is the system's poor handling of temporary conditions. Someone with a short-term health problem faces a binary choice: standard UC, with its full conditionality requirements that may be unmanageable during a period of ill health, or UC Health, which removes conditionality entirely but can lock recipients into a long-term health pathway. Compounding this, the lack of a functioning reassessment process means that once someone has been placed in the UC Health group, exit is slow even where their condition has improved.

Regardless of the cause of the rising numbers of young people on an incapacity benefit, the absence of any engagement requirement for a large and growing share of young benefit recipients means the system is not actively helping them progress. And this lack of a pathway through the benefit system for large numbers of young people stands in contrast to the approaches taken in comparable countries, as the next section shows.

Section 3

Why does the UK have a higher NEET rate than leading countries?

Most of the UK's NEET problem is long-standing, not new: the post-2019 rise accounts for only 15 per cent of current levels. In 2024, the UK ranked third worst when placed alongside 22 EU OECD members (behind Italy and Lithuania), with a rate three-times higher than the Netherlands (4.6 per cent versus the UK's elevated rate). Poor health contributes to the UK's NEET rate: UK 18-24-year-olds have the highest rate of anxiety and depression in the OECD but other countries show that health outcomes needn't drive participation levels. And two areas stand out where the UK could do better: raising participation in post-16 education, and the engagement and support offered to young people on benefits.

The previous section explored why the UK's NEET rate has been rising since 2019. Those increases are material and reversing them would be an achievement. Returning to 2019's 13.0 per cent 18-24 NEET rate would mean 129,000 more young people participating in education or work. But that would still leave most of the UK's NEET problem unaddressed, because the post-2019 increase only accounts for a small share (15 per cent) of current 18-24 NEET levels. Most of the UK's NEET problem has been with us for a long time and cannot be pinned on changes in the past six years.

The UK has consistently done worse on youth participation than leading countries

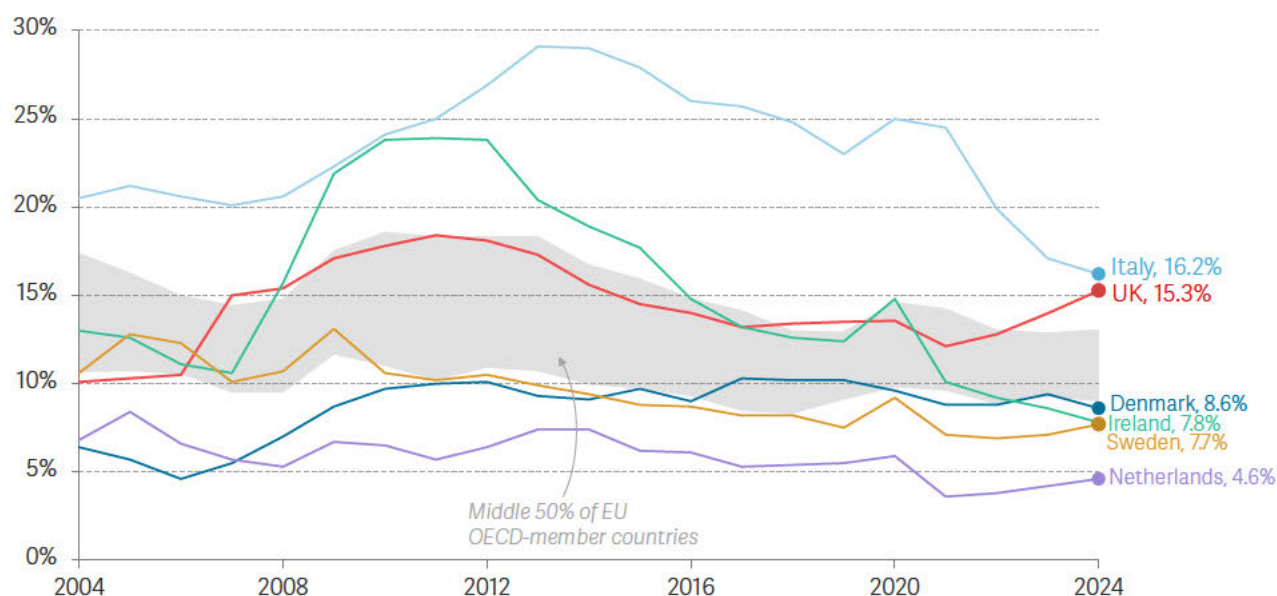
The recent rise in NEET rates has pushed the UK further behind the leading countries. In the latest international data (for 2024) there were only two EU OECD-member countries with higher rates: Italy (16.2 per cent) and Lithuania (18.7 per cent), and the UK's rate was over three-times higher than in the Netherlands (4.6 per cent). But the UK was already a long way behind the best countries in 2019: in 2019, the UK had the sixth-highest NEET rate (13.5 per cent) when ranked alongside EU OECD-member countries, with a rate

2.5 times higher than the rate in the Netherlands (5.5 per cent). If the UK matched the Netherlands' NEET rate it would have over 600,000 more young people participating in education or work.⁴⁵

18-24 NEET rates for a selection of countries are plotted in Figure 17, as well as a swathe showing the range across the middle 11 countries within the EU OECD-member group plus the UK. In addition to the points already made, this figure shows that the UK is unusual in having seen its NEET rate increase since 2019; the UK for a long time sat at the upper end of the middle band of countries (indicated by the grey swathe) but now sits apart from this group. Another striking result is that the UK now has a NEET rate close to the rate in Italy, which has historically been one of the worst performers in the EU on youth participation (this is partly due to improvement in Italy as well as deterioration in the UK). And the UK also now does substantially worse than Ireland, a country which has had higher NEET rates than the UK for most of the previous 20 years. Box 3 shows that most of the improvement in Italy and Ireland over the past decade is down to those economies strengthening (i.e. cyclical factors), with structural factors playing a much smaller role.

FIGURE 17: Even before the post-2019 rise, the UK's NEET rate was higher than most European countries

Proportion of young people aged 18-24-years-old that are not in employment, education or training (NEET): UK and selected EU OECD-member countries



SOURCE: RF analysis of Eurostat, Young persons neither in employment nor in education and training (NEET rates); ONS, Young people not in education, employment or training (NEET).

⁴⁵ This applies the difference (10.7 percentage points) between the UK and the Netherlands' 18-24 NEET rates (15.3 per cent and 4.6 per cent) to the current population of 18-24-year-olds according to the ONS's LFS (5.9 million).

BOX 3: How did Ireland and Italy achieve such progress?

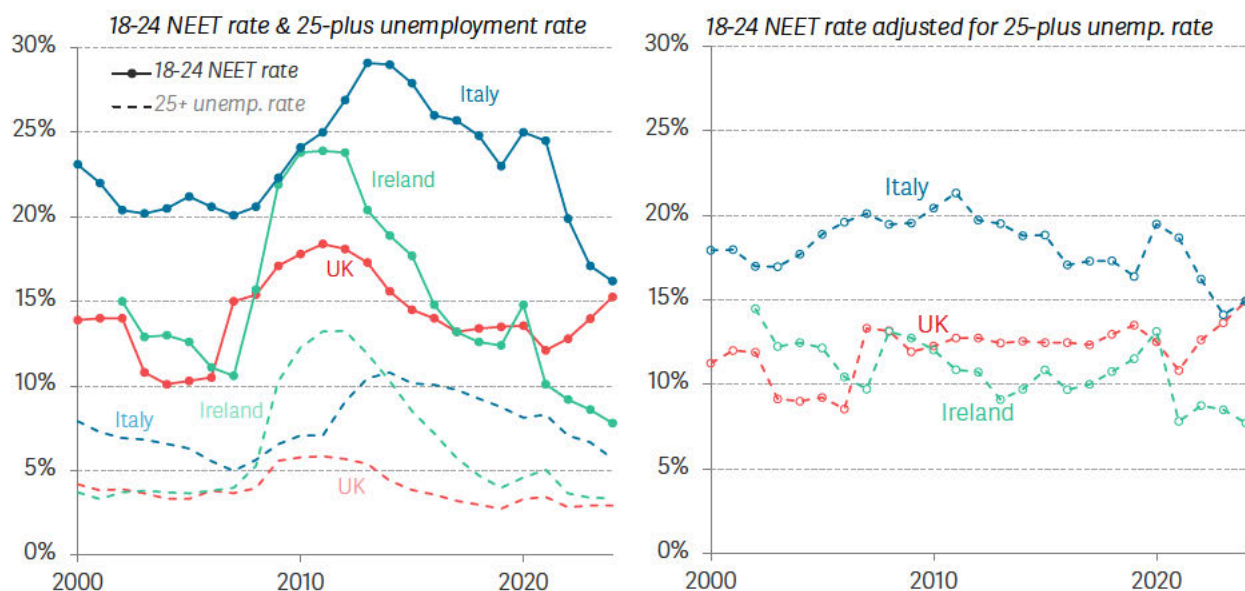
Over the past 15 years, Italy's NEET rate fell from a peak of 29 per cent to 16 per cent, and Ireland's rate dropped from 24 per cent at the height of the financial crisis, to just 8 per cent in 2024 (as shown in Figure 17). In large part, these large improvements are explained by the severity of the financial crisis in those countries, and by the improving economic conditions thereafter.

The left panel of Figure 18 plots the 18-24 NEET rate and the unemployment rates among people aged 25 and over (which, as in Section 2, we use as a proxy for the broader state of the labour market) for Italy, Ireland and the UK. It shows that rising NEET rates in all three countries after the financial crisis happened alongside an increase in unemployment among people aged 25 and over. Ireland and Italy, where NEET rates rose to much higher peaks than in the UK, also saw larger increases in 25-plus unemployment (peaking at 11 per cent in Italy and 13 per cent in Ireland). In all three countries, both NEET rates and 25-plus unemployment fell as conditions improved. This joint movement illustrates that, as we argued in Section 2, a large part of both the increase in NEET rates during the financial crisis and subsequent recoveries reflects cyclical rather than structural factors.

The right panel of Figure 18 solidifies this by calculating adjusted NEET rates, based on the relationship between NEET and 25-plus unemployment rates observed over the full period (a separate relationship was estimated for each country), and holding 25-plus unemployment fixed at the minimum level observed for that country; the idea here is to strip out the effect of elevated unemployment in the labour market on the NEET rate. These adjusted rates aren't completely flat – because changes in NEET rates over time aren't only about the economic cycle – but they show much less variation than the actual rates. The adjusted NEET rates in the UK and Ireland have mostly been similar over the past 25 years, but this has changed in the post-2019 period with the UK's rate now substantially higher. Italy's rate has tended to be higher than in the UK and Ireland, but this again has changed recently – the UK and Italy's adjusted NEET rates were equal in 2024.

FIGURE 18: Big swings in the NEET rate in some countries mainly reflect the state of the economy

Proportion of 18-24-year-olds who are NEET and the 25-plus unemployment rate: UK, Italy and Ireland



NOTES: Latest data point is 2024. The “adjusted NEET rate” is the result of regressing the 18-24 NEET rate on the 25-plus unemployment rate within each country, and then for each year subtracting from the actual NEET rate the coefficient from that regression multiplied by the gap between 25-plus unemployment and its lowest observed level. It is an attempt to answer the question “given the historic relationship within each country between the 18-24 NEET rate and 25-plus unemployment, what would the NEET rate be if 25-plus unemployment was unchanged and at its minimum observed level?” by stripping out the impact of a weak labour market on the NEET rate.

SOURCE: RF analysis of Eurostat, Young persons neither in employment nor in education and training (NEET rates); OECD, Unemployment rate.

The fact that Ireland and Italy’s adjusted NEET rates have been trending down suggests that structural factors may also have played a role in those countries’ improving NEET rates. This might be partly down to better employment support schemes, supported by EU funding (which followed the 2013 EU Youth Guarantee, where member states committed to offering all under-30s

jobs or apprenticeships within four months of becoming unemployed or leaving education).⁴⁶ Other reforms may have helped too: both countries pursued education reforms: in Ireland, these gave early school leavers second chances to gain their final school qualifications; in Italy, these strengthened vocational education pathways.⁴⁷

⁴⁶ European Commission, *The reinforced Youth Guarantee*, April 2026.

⁴⁷ E Smyth et al., *Evaluation of the National Youthreach Programme*, Economic and Social Research Institute, May 2019, <https://doi.org/10.26504/rs82>; Organisation for Economic Co-operation and Development (OECD), *Education and policy outlook: Italy*, February 2017.

So the question is: why has the UK consistently had a higher NEET rate than European countries like the Netherlands? In the rest of this section, we explore potential answers. We first argue that, although worsening health is contributing to the UK's rising NEET rate, other countries show that need not be the case, implying that policy and institutional differences can push up youth participation, even in countries with poor health outcomes. We then focus on two policy areas where the UK does less well than low-NEET countries: the approach to post-secondary education, and the level of engagement and support offered to young people on benefits.

The UK's young people appear to have comparatively poor health compared to counterparts elsewhere, but other countries show this need not lead to high NEET rates

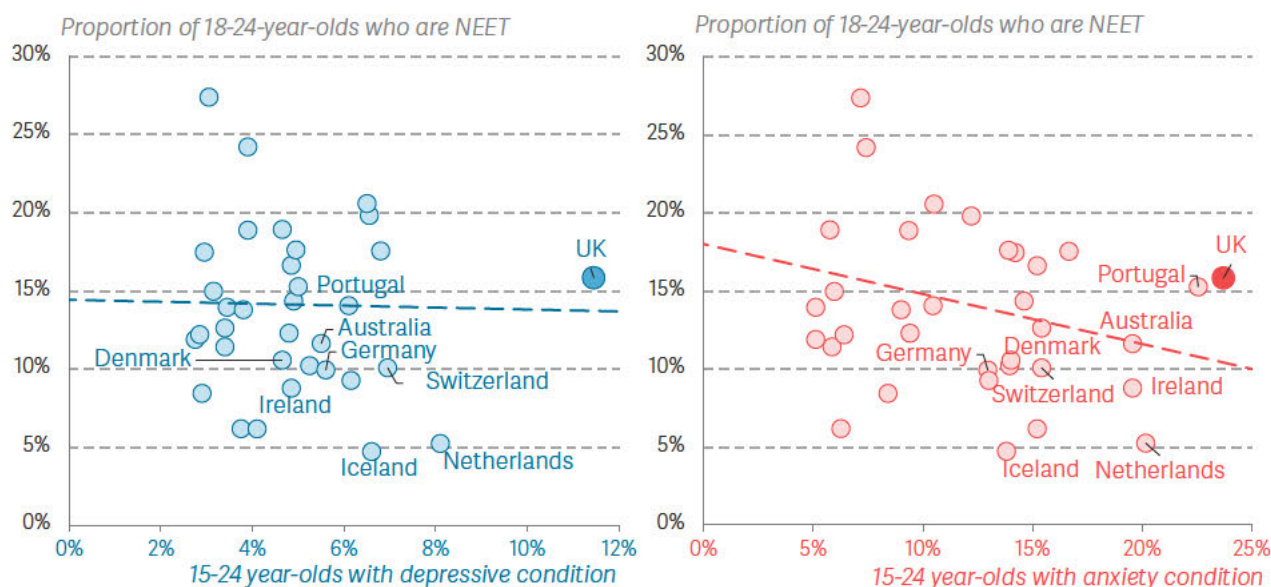
The previous section argued that, other than a general labour market downturn, the main reason for the UK's climbing NEET rate is worsening health among young people. To what extent, then, do health outcomes also explain why the UK has tended to have higher NEET rates than the best-performing countries?

It does appear that the UK's young people have poor health compared to young people in other countries. According to the Global Burden of Disease measures produced by the Institute for Health Metrics and Evaluation at the University of Washington, the UK has the highest prevalence of anxiety disorders (24 per cent) and depressive disorders (12 per cent) among 15-24-year-olds in the OECD. Given the relationship between bad health and NEET rates in the UK set out in Section 2 (and, concretely, the fact that 28 per cent of 18-24-year-old NEETs are inactive due to ill health or disability) we would expect the UK's NEET rate to fall if health levels improved. And matching other OECD countries would imply a considerable improvement: the average prevalences of anxiety and depressive disorders across other OECD countries are half the levels in the UK (according to the Global Burden of Disease data).

But does that mean that one reason the UK has a high NEET rate is its poor health outcomes? The answer is complicated. In fact, at the cross-country level, there is no obvious negative relationship between youth health and NEET rates. Figure 19 plots the Global Burden of Disease mental health prevalence measures just discussed against countries' 18-24 NEET rates. For depressive disorders, there is no association in either direction. For anxiety disorders, there is a weak association (only 7 per cent of the variation in NEET rates is associated with anxiety prevalence), but the slope is negative, i.e. countries with a higher prevalence of anxiety disorders tend to have a lower NEET rate. In particular, young adults in the Netherlands are only slightly less likely to report anxiety disorders than young people in the UK, come second in the league table (behind the UK) on depressive symptoms, but are (as we saw) much less likely to be NEET.

FIGURE 19: UK's young people score poorly on mental health, but there appears to be little relationship with NEET rates

Prevalence of anxiety and depression among 15-24-year-olds (2023) and the proportion of young people aged 18-24-years-old that are not in employment, education or training (NEET) (2024): UK and OECD countries



NOTES: Mental health conditions are both those diagnosed and undiagnosed.

SOURCE: RF analysis of Global Burden of Disease; OECD, Education at a Glance, 2025; OECD, Youth not in employment, education or training (NEET).

The (surprising) lack of a relationship between health and NEET rates across countries could be because other factors (such as education opportunities) are more important drivers of NEET rates, and variation in these factors are hiding the relationship between health and participation at the country level. Another possibility is that the relationship between health and participation itself varies across countries. If a country is effective at enabling the participation (in education or employment) of young people with poor health, then poor health might not translate into higher NEET rates as it does in the UK.

Either way, the take-away is two-fold. First, the fact that the UK appears to have poor health outcomes among young people suggests there is lots of room to improve, and we would expect health improvements to help reduce the NEET rate. But second, the cross-country data shows that poor health can be consistent with high participation levels, so even if we cannot improve the health of young people in the UK, it should be possible to achieve progress on the UK's NEET problem with action elsewhere.

The UK offers young people fewer options to pursue vocational education

Young adults in the UK have better secondary education attainment than many other countries – only 11.5 per cent of 25-34-year-olds have not achieved at least upper secondary qualifications compared to an average of 12.8 per cent among OECD countries.⁴⁸ But if a country has a lower NEET rate than the UK, that means a higher share of its young people are in education or work (or are combining both). So we begin this section by decomposing the participation differences between the UK and other countries. The results are shown in Figure 20, which decomposes differences in participation in education or work in OECD countries among 18-24-year-olds, with each country compared to the UK (countries are ranked left to right according to their NEET rate). The diamonds show the difference in overall participation levels between each country and the UK, and the bars show how these participation differences break down in terms of education and employment.

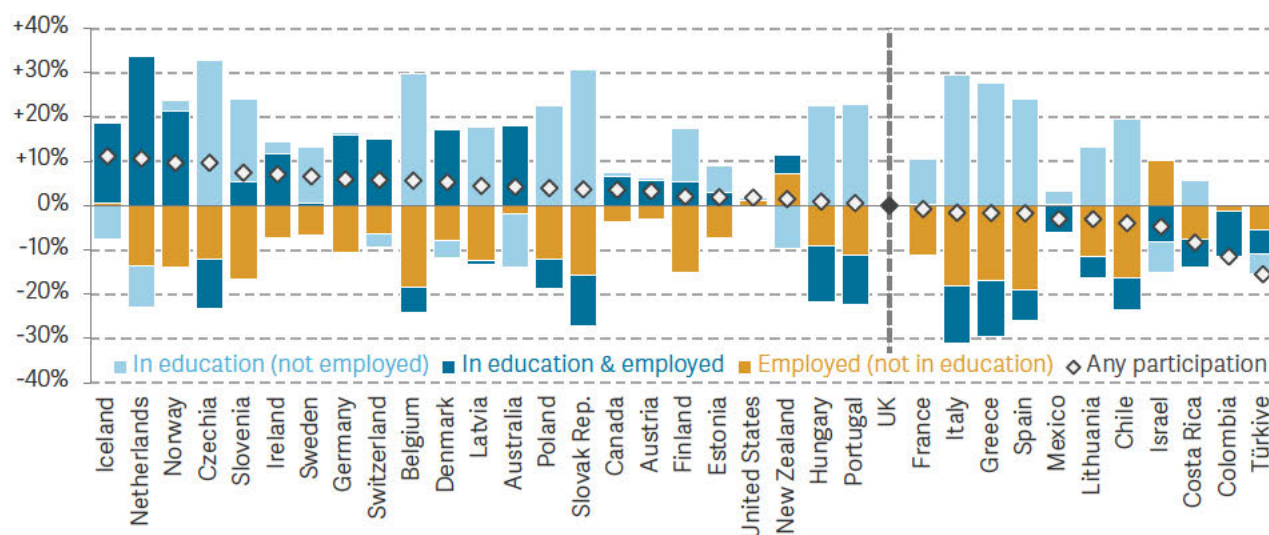
It turns out that it is really education participation, rather than employment, that accounts for the UK's relatively high NEET rate. Among 35 OECD countries, the UK ranks 14th (so, in the top half) for the proportion of 18-24-year-olds who are in employment (including combining employment and education), and sixth on the share who are only in employment (the rates in the UK are 59 per cent and 41 per cent, respectively).

In the UK in 2024, 43 per cent of 18-24-year-olds were in education, including 17 per cent combining education and work. This places the UK 26th in education only and 18th combining education and work, well below the OECD average of 53 per cent of 18-24-year-olds participating in education (including 19 per cent combining education and work). But education participation is substantially higher in the lowest-NEET countries. In the Netherlands, 67 per cent of 18-24-year-olds are participating in education (1.6 times the rate in the UK), and 51 per cent are combining education and work (four times the rate in the UK). Indeed, among the 23 OECD countries which had lower 18-24 NEET rates than the UK in 2024, all but two (the United States, and New Zealand) achieved this entirely by having more young people participating in education (including those combining education and work) and despite having a smaller proportion only in employment.

⁴⁸ [United Kingdom: Overview of the education system \(EAG 2025\)](#) (accessed April 2026).

FIGURE 20: Higher participation in education – including combined with work – is how low-NEET countries achieve lower NEET rates than the UK

Proportion of 18-24-year-olds who are participating in education or work measured relative to the UK: OECD countries, 2024



SOURCE: OECD, Education at a Glance, 2025.

These differences in education participation between the UK and low-NEET countries are, in general, down to lower participation in vocational education (although a caveat here is that what counts as ‘vocational’ education may vary across countries, and sometimes relates more to the type of institution the learning happens in rather than course content).⁴⁹ The UK already sends a lot of young people through the academic track: in England, for example, 45 per cent of all young people go to university, up from 31 per cent 20 years ago.⁵⁰ But the UK stands out for sending relatively few young people through vocational pathways. This can be seen in Figure 21, which plots participation in education by single year of age. The left panel shows data for the UK, and the right panel shows the average participation rates across Denmark, Germany and the Netherlands, all countries with substantially lower NEET rates than the UK.⁵¹ The difference in total participation between the UK and those countries is clear: there is no difference in participation at age 16 (85 per cent in the UK and those low-NEET countries), but by age 18 there is a considerable gap (66 per cent in the UK compared to 84 per cent across the Netherlands, Denmark, and Germany), and this gap grows again by age 24 (21 per cent

⁴⁹ Cedefop, *The changing nature and role of vocational education and training in Europe*, Volume 2, December 2017.

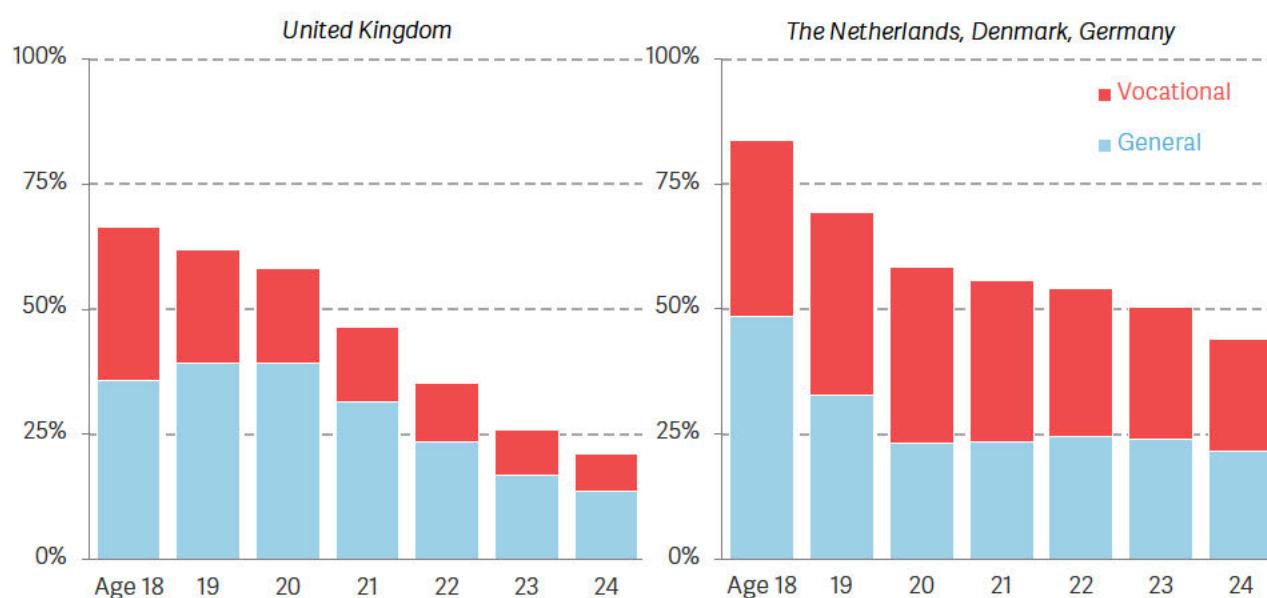
⁵⁰ This statistic is the share of 15-year-olds who go on to participate in higher education by age 25 where their qualification aim is a first degree. The total share participating in any higher education by age 25 is higher as it includes young people undertaking vocational higher education such as apprenticeships. Source: Department for Education, *Participation measures in higher education: Academic year 2023/24*, January 2026.

⁵¹ This is the arithmetical average across countries (not weighted by population size).

in the UK, compared to 44 per cent in those comparator countries). It is also clear that these overall education participation gaps are due to differences in vocational education participation. Across ages 18-21, 36 per cent of Brits are in 'general' education, slightly higher than the 32 per cent in the Netherlands, Denmark, and Germany. But only 22 per cent in the UK in that age range are in vocational education, compared to 35 per cent in those comparator countries.

FIGURE 21: Education participation in the UK lags leading countries because fewer young Brits are in vocational education

Proportion of young people participating in education, by single year of age, various countries: 2023



NOTES: OECD provides vocational / general split only up to Upper Secondary level. At tertiary level this split has been estimated based on country-specific administrative data (i.e. the share of higher-education students in universities, compared to the number in apprenticeships or technical colleges) using data for the latest years available

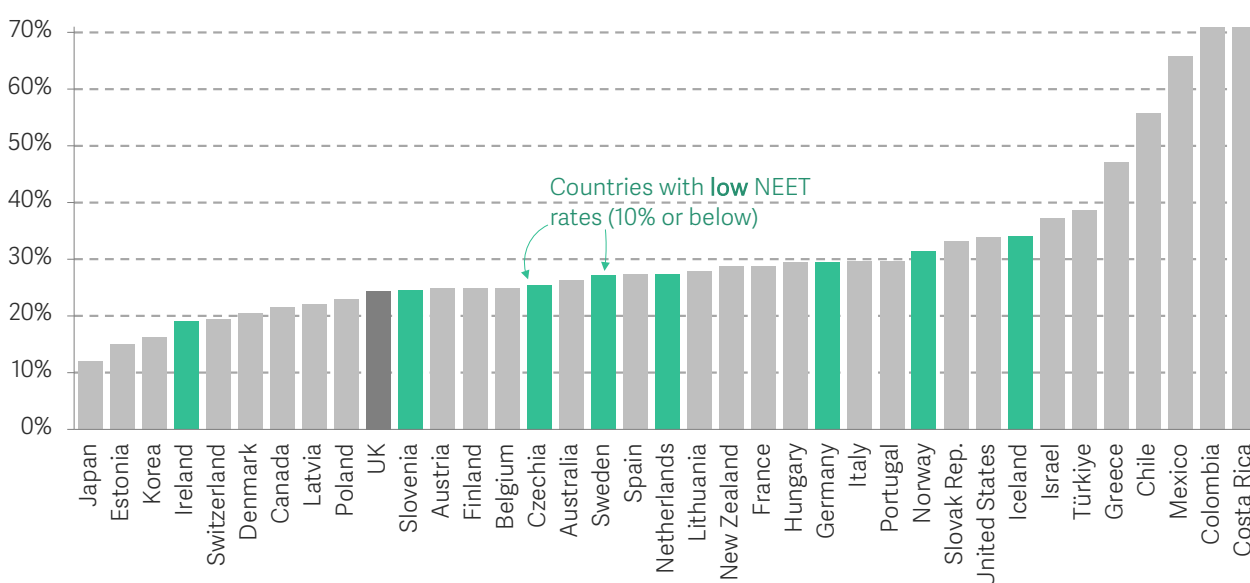
SOURCE: Department for Education, Higher Level Learners in England; Federal Statistical Office of Germany, Press release no. 447 of November 28, 2024; OECD, Enrolment rate by age; Statistics Denmark, Number of students in educational institutions; Statistics Netherlands, The Netherlands in numbers 2022.

There is no reason why more young people in the UK could not stay in education for longer. It certainly isn't the case that there are especially many British teenagers with very low ability (as far as we can tell from international comparisons). This can be seen in Figure 22, which plots the proportion of 15-year-olds who were assessed as having a 'low' maths ability in 2022, where 'low' refers to not achieving a 'baseline proficiency for participation in society'. 24 per cent of British 15-year-olds were scored as having low maths proficiency in 2022. This looks high – and certainly there are countries like Japan,

Estonia and Korea which score more impressively. But it places the UK 10th best out of 37 OECD countries. And there are several countries which have a higher proportion of low-proficiency 15-year-olds than the UK which have both higher education participation and lower NEET rates. That includes (again!) the Netherlands (where 27 per cent of 15-year-olds were assessed as having low maths proficiency in 2022), as well as Germany (30 per cent with low maths proficiency) and Norway (31 per cent with low maths proficiency). This suggests that the share of young people who continue to participate in education beyond age 18 has more to do with the policy choices a country makes than with the underlying ability of its young people.

FIGURE 22: Secondary school attainment in the UK is higher than in many low-NEET rate countries

Proportion of pupils aged 15-years-old with a low maths ability: OECD countries, 2022



NOTES: Pupils with a 'low maths ability' refers to those who scored below level 2 (less than 420.07 points) in the mathematics tests, considered the baseline level of proficiency to participate fully in society. It also includes those absent from secondary school or excluded from the test.

Source: RF analysis of Eurostat, Young persons neither in employment nor in education and training (NEET rates); ONS, Young People not in education, employment or training (NEET); Programme for International Student Assessment (PISA), 2022 Database.

Boosting participation in vocational education is likely to be at least partly a question of increasing funding. Cuts to spending on further education in England over the past decade or so have been met with big falls in participation in classroom-based further

education among people aged 19 plus.⁵² Apprenticeships funding in England has risen, but the share spent on younger workers has fallen.⁵³

But barriers to participation in vocational education go beyond funding. The OECD has highlighted that the post-GCSE breakpoint at age 16/17 which exists in most parts of the UK – which can involve making a decision about what type of education to continue with, finding a course, and finding and moving to a new provider – is internationally unusual, and may contribute to the UK's low participation rate. Few other countries have a breakpoint like this before the age at which compulsory participation in education ends (which is age 18 in England).⁵⁴ It is more common for a young person to have chosen a vocational or general route when they start 'upper-secondary' education (around age 15/16) which can continue throughout their upper-secondary education (i.e. until age 18).⁵⁵

The UK's benefit system could better promote participation

Alongside failing to enable greater participation in education – and vocational education in particular – the UK's approach to social security and employment support may be another explanation for the UK's high NEET rate compared to leading countries.

There are two main ways in which the social security and employment support systems might be harmful for participation.⁵⁶ First, the level of financial support given could be generous and weaken work incentives (or, conversely, could be low and make it difficult to participate in education). Second, young people might not receive adequate support to find work or to re-enter education, or have sufficient opportunities made available to them.

We discussed in the previous section that the work incentives problem is unlikely to apply in the UK: benefit levels are not generous and are falling compared to earnings. But the engagement problem likely does. Overall, recipients of incapacity benefits in the UK face less compulsion to undertake productive activity, and receive less support to do so, than their equivalents in many lower-NEET countries.⁵⁷ In countries like the Netherlands, Denmark and Germany, a 'no engagement, no support' approach is usually only a last resort after training, rehabilitation and subsidised employment options have been exhausted, or is reserved for the most disabled recipients only. For example, in Denmark,

⁵² C Farquharson et al., *Annual report on education spending in England: 2025-26*, Institute for Fiscal Studies, January 2026.

⁵³ See: R Layard, S McNally & G Ventura, *Applying the Robbins Principle to Further Education and Apprenticeship*, Resolution Foundation, October 2023; and: S Cororan & L Murphy, *Labour Market Outlook Q3 2024: The Growth and Skills Levy*, Resolution Foundation, September 2024, <https://doi.org/10.63492/hzk802>.

⁵⁴ The approach to the school leaving age differs across the devolved nations of the UK; see: UK Government, *School leaving age* (accessed April 2026).

⁵⁵ OECD, *What Shapes Pathways and Transitions? A Comparative Perspective on Learners' Trajectories through Upper Secondary Education in Wales*, February 2025, <https://doi.org/10.1787/3e5d83a1-en>.

⁵⁶ For a discussion of countries' approaches to benefits and potential impacts on youth participation, see: OECD, *Creating pathways to success for young people*, November 2024, <https://doi.org/10.1787/fa0145d1-en>.

⁵⁷ For further discussions on differences in the approach to benefits across these countries, see the existing research draw from in this paragraph: DWP / Natcen, *International Comparisons of Disability Benefits and Disability Employment*, February 2026.

before someone is offered a 'disability pension' (i.e. payments without any engagement), the person will typically have undergone a return-to-work plan with their previous employer (if they have one); employment services will have put in place a rehabilitation programme; and the person will have been offered a job where their wages are heavily subsidised. Similar ideas of strong obligations on employers to help sick workers reintegrate, and rehabilitation and training offered by employment services when that fails, are also part of the approach in Germany and the Netherlands. In the Netherlands and Denmark, a high-support high-engagement approach to recipients of incapacity benefits is complemented by well-established systems which track and support young people as they transition out of education.⁵⁸

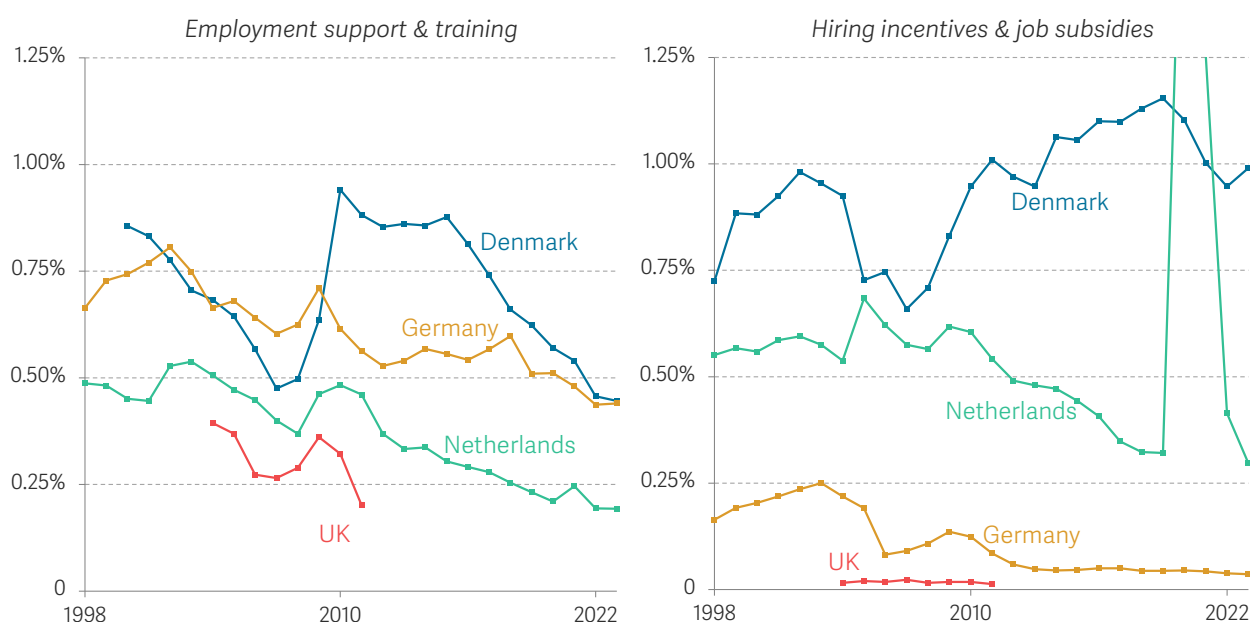
The UK does have a lighter 'Limited Capability for Work' incapacity benefit group which, unlike the full 'Limited Capability for Work-Related Activity' group, does face some work-related activity requirements. These can include attending occasional meetings with a work coach, and preparing CVs. But these requirements are minimal compared to the support offered to, and the engagement expected of, incapacity benefit recipients in the Netherlands, Denmark, and Germany. Moreover, this group is a small and shrinking part of the overall incapacity benefit caseload in the UK: at the end of 2025, there were 33,000 18-24-year-olds in the LCW group, compared to 170,000 in the (generally no engagement) LCWRA group..

Of course, offering benefit recipients a higher level of support, or subsidising employment to create job opportunities, would cost the government money. And the different approaches to benefit recipients taken by the lower-NEET countries we have been focusing on do indeed show up when we look at public spending. Figure 23 plots countries' spending on active labour market policies over the past two decades (unfortunately, UK data is only available for the 2004-2011 period). The figure splits this spending into two broad categories: the left panel plots supply-side spending ('employment support', meaning helping people look for and prepare for work, along with spending on training) while the right panel plots demand-side spending (e.g. subsidising employment and providing hiring incentives). In general, the UK spends a lot less than those comparator countries on active labour market policies. In 2011 (the latest year for which UK data is available), the UK spent 0.5 per cent of its GDP on active labour market policies, compared to 3.5 per cent in Denmark, 2.3 per cent in the Netherlands, and 1.7 per cent in Germany. But the difference is more pronounced on demand-side spending, where the UK has historically spent almost nothing compared to those countries. In 2011, the UK spent 0.01 per cent of GDP on hiring incentives and employment subsidies, compared to 1.0 per cent in Denmark, 0.5 per cent in the Netherlands, and 0.1 per cent in Germany.

⁵⁸ J Hofman, E Hutton & M Nightingale, [What works in reducing NEET rates: a comparative study](#), Youth Futures Foundation, November 2025.

FIGURE 23: Denmark, Germany and the Netherlands spend a lot more than the UK does on labour market policies

Spending on different types of active labour market policies as a share of GDP: various countries



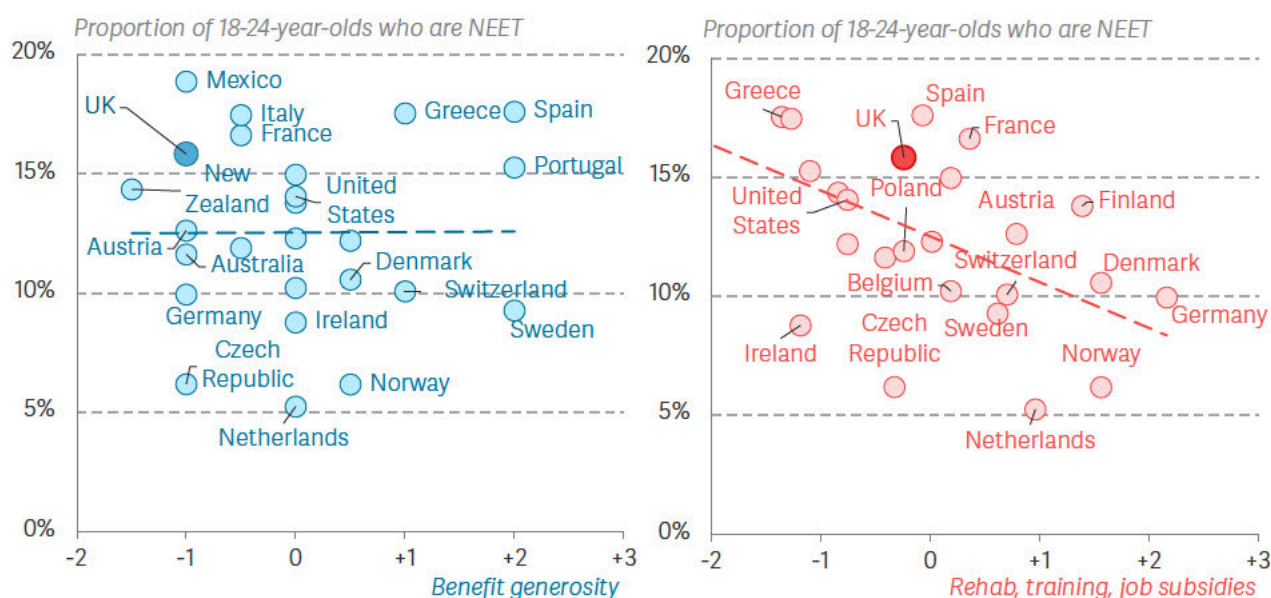
SOURCE: RF analysis of Eurostat, LMP expenditure by type of action – summary tables.

Clearly, then, creating a social security and employment support system which involves greater support and engagement is not a cheap option. But at the country level there is evidence that these approaches produce better outcomes (as you would hope, given the spending involved). Figure 24 plots the OECD's measures of the generosity of benefit levels (left panel) and the amount of employment support offered in selected countries' incapacity benefits systems (right panel) against the 18-24 NEET rate (unfortunately the data is from 2014; the OECD has not updated this data since then).

The UK was scored as having one of the least generous benefit levels among these countries, and as offering relatively little support and engagement too. Strikingly, though, it is only the second dimension (support and engagement) which bears any relationship with NEET outcomes at the country level. In this data, there is no relationship at all between NEET rate and incapacity benefit levels: there are many examples of countries with similarly generous benefit levels (such as Norway and Greece) with hugely varying NEET rates (Norway's NEET rate is 6 per cent; Greece's is 18 per cent). However, there is a negative relationship between NEET rates and the amount of support and engagement offered to incapacity benefit recipients: countries like Germany, Norway and Denmark which offer more training, rehabilitation and employment subsidies have lower NEET rates. The relationship across countries is fairly strong: differences in those forms of support are associated with 30 per cent of the cross-country variation in 18-24 NEET rates.

FIGURE 24: Countries where incapacity benefit recipients receive more employment support have lower NEET rates

OECD scores describing selected countries' approach to incapacity benefits on two domains (benefit generosity and eligibility; and rehabilitation, training and job subsidies), compared to proportion of young people aged 18-24-years-old that are not in employment, education or training (NEET): 2014



NOTES: Scores are on the OECD's 0-5 stringency scale where higher values indicate more generous benefits or extensive employment support.

SOURCE: RF analysis of OECD, *Sickness, Disability and Work: Breaking the Barriers*, November 2010; R Boheim & T Leoni, *Sickness and disability policies: Reform paths in OECD countries between 1990 and 2014*, *International Journal of Social Welfare*, 27(2), <https://doi.org/10.1111/ijsw.12295>.

Summary

We have reached the end of our diagnosis of the UK's two NEET problems, covering the recent increases in the NEET rate in Section 2, and the long-term high level of the UK's NEET rate relative to leading countries in this Section. We found the recent rise was driven in roughly equal measures by the state of the labour market and by a deterioration in young people's health, with changes in how the benefit system functions possibly playing a role too. This Section has argued that the UK's high level compared to the lowest-NEET countries can mainly be put down to having relatively few young people participating in education (especially vocational education), along with a failure to provide sufficient support and engagement to young people on incapacity benefits. In the final Section, we use these findings as a springboard to sketch out a plan for reducing the UK's NEET rate.

Section 4

What should the UK do to reduce the NEET rate long term?

This report has focused on understanding the recent rise in, and the persistent high level of, the UK's NEET rate. But although we now know a great deal about the breadth of the issue, we know less about its depth. In this final section, we show that the NEET challenge is not just substantial but is also deeply entrenched. Most NEETs face significant barriers to re-engagement in work or education, indicating that a multifaceted policy response is required.

The scale and seriousness of the NEET problem demands action on multiple fronts

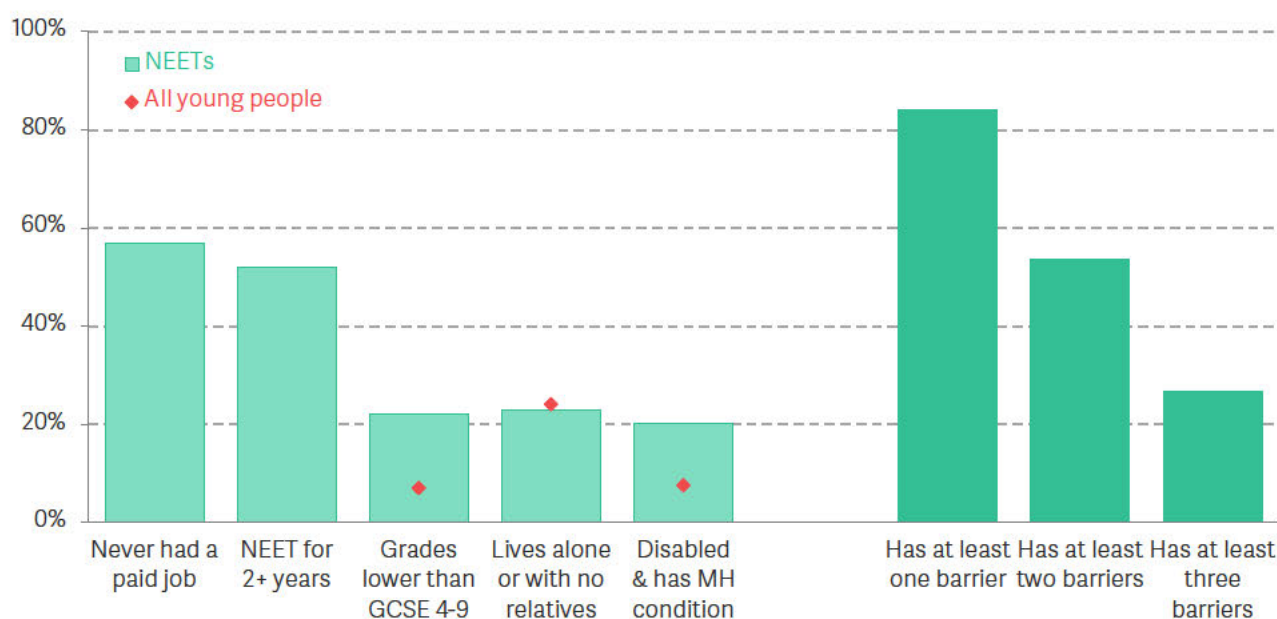
Unpacking the headline NEET rate both over time and comparatively as we have done in this report tells us how widespread the problem has become in the UK, and why this is the case. But it has not to date told us much about the depth of the problem. For example, are most NEETs in circumstances that will likely allow them to make a smooth transition back into employment or education with little help? Or are many NEETs experiencing multiple disadvantage which suggests their engagement with the world of work or study may be trickier, and more support will be required?

In Figure 25, we explore this question by showing the proportion of 18-24-year-old NEETs who face circumstances that might mean they have a harder time re-engaging with the labour market than others. These circumstances range from well-known barriers to work (low qualification levels, lack of any labour market experience, disability) to other vulnerabilities that suggest the transition may be more challenging (such as being NEET for more than two years or living without family support). As the chart shows, the vast majority (84 per cent) of NEETs experience at least one disadvantage: more than five-in-ten (53 per cent) only have qualifications equivalent to GCSE or below; almost half (45 per cent) have a disability; and a staggering 52 per cent have been NEET for at least two

years. These are far higher rates than among all young people: just under a third (31 per cent) have qualifications GCSE or below and two-in-ten (21 per cent) have a disability.

FIGURE 25: The vast majority of NEETs face at least one barrier to work or study, while half contend with multiple disadvantages

Proportion of 18-24-year-olds NEETs that have specific disadvantaged circumstances: UK, 2021-2025



NOTES: Grades lower than GCSE 4-9 includes equivalent qualifications. Lives alone or with no relatives includes individuals who are the head of their household, and those living with foster parents. Disabled and has a mental health condition refers to individuals who are disabled and their main health condition is depression, bad nerves or anxiety, or mental illness.
SOURCE: RF analysis of ONS, Labour Force Survey.

But what Figure 25 also brings home is how common it is for 18-24-year-old NEETs to have to contend with multiple barriers to a smooth transition. More than half (54 per cent) experience two or more challenging circumstances, and over one-quarter (27 per cent) face three or more of our identified barriers. This strongly suggests that single-issue interventions are unlikely to touch the sides of the problem. Rather, policy makers must think big if they want to drive down the UK's NEET rate not just to its pre-pandemic level, but to a new low that puts us in the same camp as countries like the Netherlands, Denmark and Germany.

A wholesale programme of action to drive down the UK's NEET rate is required

What is clear from our diagnosis of the UK's two NEETs problems is that truly tackling them will require action across a range of areas. We will return in future work to some of the specifics. But what should be in policy makers' sights?

- The growing share of young people with a disabling mental health condition has a clear link with the rising rate of inactive NEETs in recent years. The close correlation between reported health, inactivity and benefit rates suggests that underlying health conditions are a serious and important part of the issue. As always, tackling a problem at source is likely to be far more effective and less wasteful than remedial action later down the line, suggesting more needs to be done when it comes to health interventions before age 18. Evidence shows that support provided in educational settings can be as effective as that provided by the health system for mild to moderate conditions, indicating provision should continue to be ramped up in schools and colleges nationwide.⁵⁹
- A large difference between the UK and countries with structurally lower NEET rates is the level of education participation. The policy response for this age group should prioritise stronger retention, earlier identification of those at risk of becoming disengaged long before they do, faster re-engagement, and increase the accountability of local authorities by monitoring how long it takes them to track and re-engage with 16-17-year-old NEETs in their local areas.⁶⁰ Beyond this point, it is vital that there is better support for the 22 per cent of 18-24-year-old NEETs in the UK who have grades lower than 4-9 in their GCSEs (or equivalent) to achieve basic qualifications. This will require a better funding settlement for further education colleges, as well as maintenance support via the benefit system for whom boosting human capital is clearly the right course of action.
- From age 18, young people in the UK are less likely to remain in education than their international peers, with most of this difference down to lower participation in vocational education. Re-focusing apprenticeship funding toward young people is a first step.⁶¹ An upper age limit of 25 years was lifted in 2004, and since 2019/20, more than half (57 per cent) of apprenticeship starts supported by levy funding in England have been for adults aged 25 and above, with this group accounting for

⁵⁹ C McCurdy and L Murphy, We've only just begun: Action to improve young people's mental health, education and employment, Resolution Foundation, February 2024. <https://doi.org/10.63492/cxp2417>

⁶⁰ J Diniz & L Murphy, False Starts: What the UK's growing NEETs problem really looks like, and how to fix it, Resolution Foundation, October 2025, <https://doi.org/10.63492/kvz546>.

⁶¹ S Cororan & L Murphy, Labour Market Outlook Q3 2024: The Growth and Skills Levy, Resolution Foundation, September 2024, <https://doi.org/10.63492/hzk802>.

all the growth in levy-funded starts since 2022/23.⁶² The Government has recently introduced fully funded apprenticeships for under-25s in non-levy paying businesses (mainly SMEs) from 2026/27 and introduced an incentive payment of £2,000 for new recruits to these businesses.⁶³ But there may be a case to go further and ring-fence at least two-thirds of the Growth and Skills Levy funding for young

- Most low-NEET countries require young people with health conditions or disabilities receiving benefits to engage to a much greater extent with work- or study-related activities than in the UK. Within the UK benefit system, engagement rules are increasingly all or nothing. Job seekers are subject to a 'work-first' regime that prioritises any job, irrespective of qualifications or work experience. In contrast, the vast majority of young people in receipt of UC Health have no requirements to engage at all. We therefore propose collapsing the formal distinction in engagement rules between young unemployed and inactive recipients into a single system of engagement and support. This would require all but the most severely unwell UC Health recipients under the age of 25-years to engage with DWP, a significant shift in approach. This should go hand-in-hand with significant investment in providing tailored employment support: each claimant should be allocated a dedicated work coach or support worker who helps determine an appropriate path of engagement and progression. This could range from periodic check-ins for people furthest from the labour market, to light-touch skills or confidence-building support for those with improving health conditions, to intensive employability support and job searching for those ready to move into work. The system should also make returning to education a viable option for people receiving benefits.
- The Government should aim for a system of employment support that is available to all young people, not just those claiming benefits, that allows them to access personalised advice, guidance and opportunities. Where required, support should not be focused solely on employment, but also address other barriers, such as mental health and housing issues. And such support should not be announced as a time-limited, post-crisis, programme: the Government should commit to this being an ongoing part of the welfare state with a permanent funding settlement.
- Concerningly, the Government announced in the Pathways to Work Green Paper last year it could remove eligibility for UC Health from people aged 22 or below.⁶⁴ There is a clear case for reforming the way that young people interact with the benefit system, but there is no convincing argument for removing access to benefits or cutting the value of benefits that young people receive. The UC standard

⁶² Department for Education, [Apprenticeships, Academic year 2025/26](#), March 2026.

⁶³ [The Growth and Skills Levy](#), accessed 23 April 2026.

⁶⁴ DWP, [Pathways to Work: Reforming Benefits Support to Get Britain Working Green Paper](#), March 2025.

allowance is very low for under 25s, and the UC Health top-up was halved for new claimants from April 2026. Cutting support further could even have the opposite effect, by deepening health and financial barriers to employment.

- We have shown that the level of youth unemployment is not unduly elevated in the UK (relative to overall unemployment levels), and so job availability or a particular rise in the cost of hiring young people are not the most obvious explanation for recent rises in the NEET rate (over and above the increase which can be attributed to state of the labour market). But it remains our view that hitting pause on aligning youth rates and the main rate of National Living Wage is the right thing to do, given the cyclical weakness in the labour market. The Government has not explicitly hit 'pause' but it has changed the Low Pay Commission's remit for setting the 2027 youth rates (it now says that the employment prospects of younger workers should be prioritised) and so any convergence with the adult rate is likely to be more limited.⁶⁵

Of course, all of the above come with a price tag at a time when the public finances are highly constrained. But this report shows that there are no simple, quick or cheap fixes for a problem as entrenched as NEETs. With the issue riding high on the political agenda today, now is the time to take meaningful action across the areas outlined above to reduce the UK's NEET rate. And the prize is large: if the UK had the same NEET rate as the Netherlands today, we would have 600,000 fewer 18-24-year-olds lost in transition. Rather, they would be learning and earning, to the benefit of themselves, the public finances and wider society too.

⁶⁵ Department for Business & Trade, [Low Pay Commission Remit 2026: National Living Wage and National Minimum Wage](#), March 2026.

Annex 1: Use of the LFS in this report

Official headline statistics on NEETs in the UK, along with lots of the analysis in this report, come from the ONS's Labour Force Survey (LFS). But there are at least three reasons to worry about using the LFS:

- Despite some recovery through several adjustments and improvements in fieldwork, LFS sample sizes remain well below pre-pandemic levels. This widens confidence intervals and reduces the precision of estimates.
- Young people are generally less likely to provide responses themselves, and the survey instead tends to rely on responses from other members of the household.
- There are continued concerns over non-response bias which weights are unable to fully correct for.

It would therefore be preferable not to use the LFS. But unfortunately, that would be very limiting. No other data sources can match the LFS for its level of detail on NEETs and their circumstances. So our approach is to use the LFS, but to corroborate estimates against other datasets wherever possible.

When it comes to estimating the NEET rate, in a previous report we checked LFS estimates against administrative data on young people's employment and education participation.⁶⁶ Reassuringly, we found that estimating an alternative NEET rate in this way produced similar results to the LFS. In those estimates, the number of 16-24-year-olds who are NEET rose by 195,000 between 2022-23 and 2024-25, reaching 940,000 in 2024-25 – broadly in line with LFS-based estimates.

We have not repeated this exercise in full, partly because not enough time has passed for another year of education participation data to become available. But we do have timely payroll data, so can use that as a partial cross-check of the most recent LFS NEET estimates. This shows a NEET rate broadly flat over 2025 (falling slightly from 15.5 per cent in Q4 2024 to 15.2 per cent in Q4 2025). The payroll data showed a small 0.4 per cent fall in the number of 18-24-year-olds in payroll jobs over the same period. This suggests that, if the most recent LFS data is wrong in any direction, it is more likely to be in the direction of under-estimating the NEET rate.

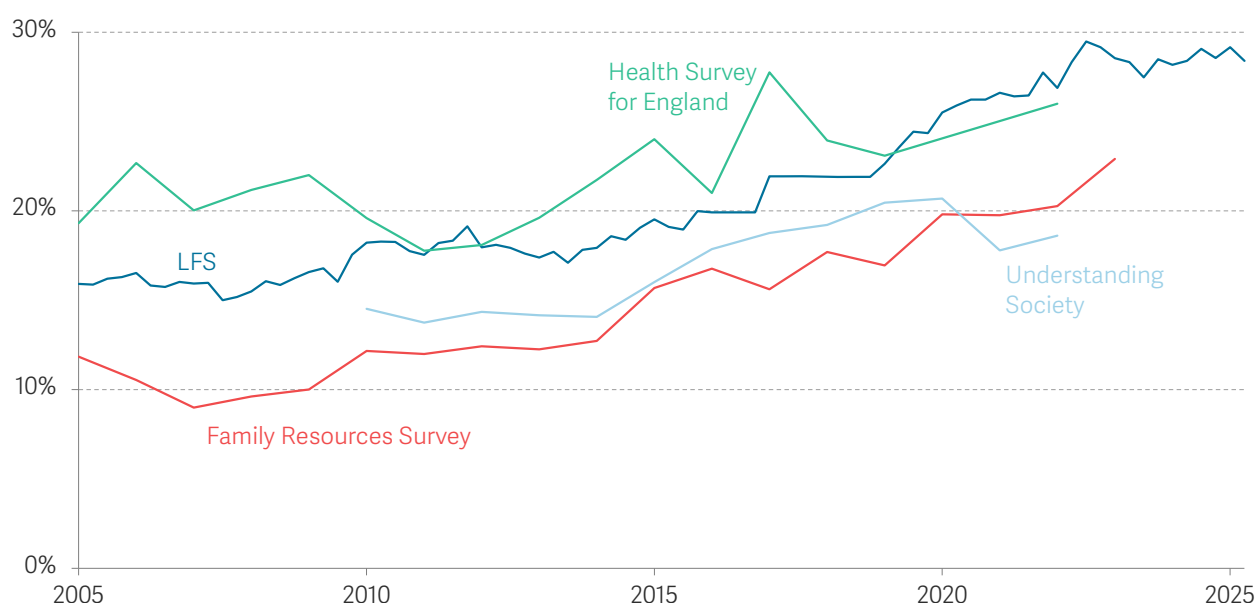
Another way we use the LFS in this report is to describe changes in the prevalence of ill

⁶⁶ J Diniz & L Murphy, False Starts: What the UK's growing NEETs problem really looks like, and how to fix it, Resolution Foundation, October 2025, <https://doi.org/10.63492/kvz546>.

health among young people (see Section 2). Again, we can check LFS estimates against other data. The measure presented in Figure 8 was the share of 18-24-year-olds with an activity-limiting long-term health condition. Figure 26 plots a broader measure – the share with any long-term health (i.e. regardless of whether it limits activity). Reassuringly, the level and change in the LFS corresponds well with equivalent measures from three other survey datasets.

FIGURE 26: The trend of health conditions among young people in the LFS holds with other datasets

Proportion of 18-24-year-olds with a health condition lasting or expected to last at least 12 months, by dataset: UK / GB / England



NOTES: All surveys ask whether the respondent has a health condition (varying from physical or mental impairment or conditions, illness or disability) lasting or expected to last at least 12 months. Both the Family Resources Survey and the Labour Force Survey adopted this framework from 2013 to align with the Equality Act 2010. The LFS and Family Resources Survey sample the whole UK, the Health Survey of England samples England only, and the Understanding Society estimates are for Great Britain. SOURCE: RF analysis of ONS, Labour Force Survey; NHS England, Health Survey for England; ISER, Understanding Society; DWP, Family Resources Survey; ISER, British Household Panel Survey.

Annex 2: Data citations

Data citations

- Family Resources Survey (series page [here](#)):
 - Department for Work and Pensions, NatCen Social Research. (2021). Family Resources Survey. [data series]. 4th Release. UK Data Service. SN: 200017, DOI: <http://doi.org/10.5255/UKDA-Series-200017>.
- Health Survey for England (series page [here](#)).
 - NatCen Social Research, University College London, Department of Epidemiology and Public Health. (2023). Health Survey for England. [data series]. 7th Release. UK Data Service. SN: 2000021, DOI: <http://doi.org/10.5255/UKDA-Series-2000021>.
- Labour Force Survey (series page [here](#)).
 - Office for National Statistics. (2024). Labour Force Survey. [data series]. 11th Release. UK Data Service. SN: 2000026, DOI: <http://doi.org/10.5255/UKDA-Series-2000026>.
- Understanding Society (series page [here](#)).
 - University of Essex, Institute for Social and Economic Research. (2023). Understanding Society. [data series]. 9th Release. UK Data Service. SN: 2000053, DOI: <http://doi.org/10.5255/UKDA-Series-2000053>.

The Resolution Foundation is an independent think-tank dedicated to lifting living standards in the UK. We focus particularly on households with low and middle incomes; those on low pay or in precarious work; and those vulnerable to financial shocks. We also investigate fairness between the generations in our Intergenerational Centre.

We aim to provide rigorous analytical work, develop effective policy proposals, and use our expertise to affect direct change. We analyse the trends and outlook for living standards, including for different age groups, family types, and levels of household income and wealth, and seek to promote greater understanding of these. Our research focuses both on the specific areas of the economy that matter most for people's living standards, including work and housing; and on economic growth and productivity as the route to sustainably higher living standards. We also examine the role of government in improving living standards including through taxes, social security and public services.

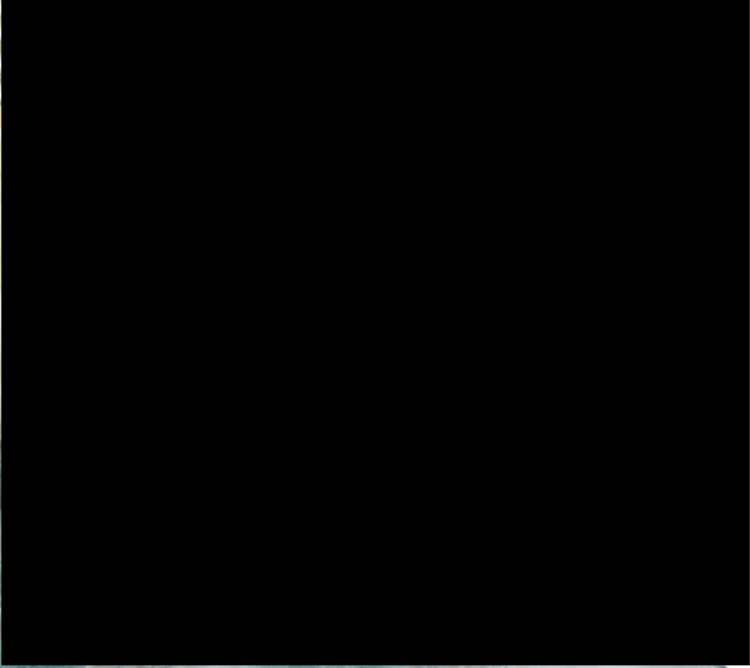
For more information on this report, contact:

Lindsay Judge

Research Director

info@resolutionfoundation.org

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

A large black rectangular redaction box covering the entire left side of the page, from the bottom of the contact information to the bottom of the page.

Resolution Foundation

2 Queen Anne's Gate

London SW1H 9AA

Charity Number: 1114839

[@resfoundation](https://www.resolutionfoundation.org)
[@resolutionfoundation.org](https://www.resolutionfoundation.org)
[resolutionfoundation.org/publications](https://www.resolutionfoundation.org/publications)