

**TUC response to  
Work and Pensions  
Select Committee  
Inquiry – Youth  
employment,  
education and  
training**

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### **Introduction**

The TUC brings together more than 5.5 million working people who belong to our 47 member unions. We support trade unions to grow and thrive, and we stand up for everyone who works for a living. Every day, we campaign for more and better jobs, and a more equal, more prosperous country.

The TUC welcomes the opportunity to make a submission to this call for evidence. Trade unions have a long tradition of campaigning to bring down worklessness and ensure more quality jobs for young people, including involvement in the design of the successful Future Jobs Fund under the previous Labour government and in supporting apprentices and vocational training. It is no coincidence that many of the apprenticeship programmes with the greatest demand are those where unions have negotiated a high-quality apprenticeship offer that is open to all.

The youth NEET (not in education, employment and training) crisis has been years in the making and is now being exacerbated by slow economic growth. Turning round the drivers will take time, but we need urgent action now - for the generation who have already been let down and the children who are already coming next.

Our submission shows that rising rates are a result of structural failures in the labour market – including persistent regional economic inequalities – and cuts to education, health and social security systems. Young people want to work – but they have been let down by past government failures. Today's NEET young people face a combination of weak labour market demand, poor quality jobs, disrupted education pathways, including a lack of apprenticeship opportunities and inadequate public services such as mental health and youth services – undermined by over a decade of sustained underinvestment.

TUC analysis shows whilst there has been a rise in the number of young people who are economically inactive over the past two years, the vast majority of this rise (84 per cent) is people who want to work.<sup>1</sup>

We need both immediate support for the pandemic generation, and a comprehensive cross-government plan to turn around wider drivers of the NEET crisis. A successful response must focus on creating quality, paid work and apprenticeship opportunities, alongside sustained investment in skills, education, health and social security.

The TUC has adopted the social model of disability. The social model of disability focuses on the ways in which society is organised, and the social and institutional

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<sup>1</sup> Unpublished TUC 2025 analysis

barriers which restrict disabled people's opportunities. The social model sees the person first and argues that the barriers they face, in combination with their impairments, are what disables them. Barriers can make it impossible or very difficult to access jobs, buildings or services. Removing the barriers is the best way to include millions of disabled people in our society. In this response, we have considered the challenges faced by disabled young people through this lens.

## 1) Young people who are NEET

- What factors lead to a young person not being in education, employment or training (NEET)? Are there some young people who are more likely to be NEET than others?
- What are the long-term consequences for young people who are NEET for an extended period?
- Would it be useful for the Government to set specific goals or target relating to the number or proportion of young people who are NEET? What might such a target be?

The growth in the number of NEET young people has largely been driven by young people who are economically inactive. The latest NEET data shows of the 880,000 18–24-year-olds who are NEET; 340,000 are unemployed (39 per cent) and 540,000 (61 per cent) are economically inactive.

However, while NEET young people are more likely to be inactive, young people are also more likely to be unemployed than the general population. There are currently over half a million 18–24-year-olds who are looking for work and unable to find it and the unemployment rate for young people has increased rapidly since the end of 2022, one of the factors driving the rising NEET rate. In September to November 2025, the unemployment rate for 18–24-year-olds was 13.7 per cent compared to 5.1 percent for all those unemployed.

So, it is both economic inactivity and unemployment that need to be the focus of interventions to bring NEET numbers down.

The following trends can be identified when looking at NEET young people:

- **Disparities between regions.** Young people from certain regions far more likely to be NEET than others. NEET rates are particularly high in the Northeast at 20.1 per cent. It is highly likely that rates within regions will vary as significantly as rates between regions and within the regions with the highest rate of NEET young people, some local areas will have even higher rates.

Region	Proportion of 18–24-year-olds who are NEET
North East	20.1
Yorkshire and The Humber	19.1
East Midlands	18.7
North West	16.1

London	15.4
West Midlands	14.1
East of England	13.3
South West	12.7
South East	12.3

Source – TUC analysis of ONS micro data (Average of q4 2024, q1 2025, q2 2025 & q3 2025)

The UK labour market remains characterised by significant regional and local labour market inequalities. Young people living in areas of high deprivation and lower employment rates are far more likely than others to be NEET.

- **Educational attainment.** Young people with below Level 2 qualifications are more likely to become NEET.<sup>2</sup> TUC analysis shows that 30.9 per cent of 24-year-olds do not have Level 2 English and Maths qualification. This is higher for those on free school meals, at 54.5 per cent.<sup>3</sup> Those without Level 2 qualifications are also more likely to end up in low paid precarious work and stay there, with limited progression opportunities impacting lifetime earnings.<sup>4</sup> Young people who experience high rates of school absence, which has been persistently high since the Covid-19 pandemic, are less likely to achieve a Level 2 at school.<sup>5</sup>
- **Disabled young people.** Disabled young people are far more likely to be NEET with almost three in ten (28.6 per cent) disabled young people aged 16-24 being NEET compared to 7.1 per cent of non-disabled young people.<sup>6</sup> Separate evidence

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<sup>2</sup> Gadsby, B. (2019). Establishing the Employment Gap: Research Briefing 1 [PDF]. Impetus in partnership with the National Institute of Economic and Social Research (NIESR). <http://impetus-org.files.svdcdn.com/production/assets/publications/Report/Youth-Jobs-Gap-Establishing-the-Employment-Gap-report.pdf?dm=1556009627>. Impetus. (2019, April). Youth Jobs Gap: Establishing the Employment Gap. <https://www.impetus.org.uk/policy/youth-jobs-gap>

<sup>3</sup> Department for Education. (2025, April 24). *Level 2 and 3 attainment age 16 to 25, academic year 2023/24*. <https://explore-education-statistics.service.gov.uk/find-statistics/level-2-and-3-attainment-by-young-people-aged-19/2023-24>

<sup>4</sup> Department for Education. (2024, September 24). Skills England: Driving growth and widening opportunities. GOV.UK. <https://www.gov.uk/government/publications/skills-england-report-driving-growth-and-widening-opportunities>

<sup>5</sup> Impetus. (2019, April). *Youth Jobs Gap: Establishing the employment gap*. <https://www.impetus.org.uk/policy/youth-jobs-gap>.

<sup>6</sup> Trades Union Congress. (2025). *An ambitious plan for young people | TUC* <https://www.tuc.org.uk/sites/default/files/2025-09/anambitiousplanforyoungpeople.pdf>

shows that the proportion of NEET young people who are disabled has been rising since 2010 and is largely being driven by mental ill-health.<sup>7</sup>

Failure of employers to put in place reasonable adjustments may lead to a disabled person's health deteriorating and preventing them from remaining or entering into employment. TUC research shows that only a third of disabled workers who requested reasonable adjustments had their request agreed to in full. 44 per cent reported their employer had agreed to part of their request and 11 per cent said their employer did not agree to any of their reasonable adjustments. In addition, 82 per cent of disabled workers are waiting between 4 months and a year for adjustments to be put in place. Finally, a third of disabled workers have had disability related leave counted as sick leave, potentially forcing them down punitive HR processes, which can result in exiting work.<sup>8</sup>

- **Gender and NEET rates.** Whilst young men are more likely to be NEET than young women (16.1 per cent compared to 14.1 per cent for 18-24 olds), both are rising. Previous TUC analysis found that young women are more likely to be economically inactive and young men more likely to be unemployed.<sup>9</sup> And the difference in economic inactivity between young men and women was driven by women being much more likely to be economically inactive due to caring responsibilities.<sup>10</sup> In 2023, 12,133 women aged 16-19 were economically inactive because of caring responsibilities and 228,245 women in their 20s were, 5.6 per cent of that age group.<sup>11</sup>
- **Ethnicity and NEET rates.** 2025 data shows amongst 16–24-year-olds overall young white people are more likely to be NEET than young BME people; 12.1 per cent compared to 9.8 per cent.<sup>12</sup> However, this topline figure hides variations between ethnic groups. Data analysis by Impetus finds that young people from Irish Traveller, Roma, Mixed White and Black Caribbean and Black Caribbean ethnic groups are those most likely to be NEET.<sup>13</sup> Young white people who are not in education, employment or training are more likely to be economically inactive

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<sup>7</sup> Youth Futures Foundation. (2025, November). *Youth Employment Outlook 2025* [PDF]. Retrieved from: <https://youthfuturesfoundation.org/publication/youth-employment-2025-outlook/>

<sup>8</sup> Trades Union Congress. (2025, May 12). *Disabled workers' access to reasonable adjustment*. <https://www.tuc.org.uk/research-analysis/reports/disabled-workers-access-reasonable-adjustment>

<sup>9</sup> Trades Union Congress. (2025). *An ambitious plan for young people | TUC* <https://www.tuc.org.uk/sites/default/files/2025-09/anambitiousplanforyoungpeople.pdf>

<sup>10</sup> Trades Union Congress (TUC). (2023, January 15). *Jobs and pay monitor: Young workers*. <https://www.tuc.org.uk/research-analysis/reports/jobs-and-pay-monitor-young-workers>

<sup>11</sup> Trades Union Congress (TUC). (2023, March 8). *Women 7 times more likely than men to be out of work due to caring commitments*. <https://www.tuc.org.uk/news/women-7-times-more-likely-men-be-out-work-due-caring-commitments>

<sup>12</sup> Trades Union Congress. (2025). *An ambitious plan for young people | TUC* <https://www.tuc.org.uk/sites/default/files/2025-09/anambitiousplanforyoungpeople.pdf>

<sup>13</sup> Impetus. (2019, April). *Youth Jobs Gap: Establishing the employment gap*. <https://www.impetus.org.uk/policy/youth-jobs-gap>. Other sources support this:

Youth Futures Foundation. *NEET dashboard*. <https://data.youthfuturesfoundation.org/dashboard/neet/>

whereas young BME people who are out of education, employment and training are more likely to be unemployed.<sup>14</sup> This tells us that BME young people looking for work have a more difficult time in the labour market than their white peers.

- **Age.** TUC analysis of 2024/5 NEET data found that the number of young people who are economically inactive or unemployed peaks between the ages of 21 and 23 and reached as high as 21.1 per cent of 21-year-olds and 18.7 percent of 23 year olds in Q3 2025.<sup>15</sup> Learning and Work Institute analysis also finds that a larger proportion of NEET young people are economically inactive as they enter their 20s. Whereas those NEET young people under 20 are more likely to be unemployed. This is driven by increases in the percentage of older young people who report that they are looking after their family or home and in those who have a health condition or disability.<sup>16</sup>
- **Experiences of care.** 19-21-year-olds with experiences of the care system were three and a half times more likely than all other young people to be NEET.<sup>17</sup>
- **Length of time.** Youth Futures Foundation analysis found being NEET in consecutive years is a good indicator of young people being likely to experience sustained periods outside education, employment or training. Looking at data from Annual Population Survey (January–December 2023 to January–December 2024) they estimate that around 431,000 young people (7.1%) were NEET in both years.<sup>18</sup>

It is not just the temporary impacts of unemployment that can damage young people's futures. Experiencing unemployment of six months or more has been shown to "scar" young people's prospects and experiences of the labour market in the future, with impacts on their likely employment rate and earnings potential. This impact is more pronounced on cohorts that experience long-term unemployment aged under 23 than for people who experience long-term unemployment later in life.<sup>19</sup>

Being NEET may lead to long term negative health effects which in turn results in social and economic costs to society.

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<sup>14</sup> Learning and Work Institute. (2025, April 4). *Young people who are not in education, employment or training: What does the data tell us?* <https://learningandwork.org.uk/resources/research-and-reports/young-people-who-are-not-in-education-employment-or-training-what-does-the-data-tell-us/> and Youth Futures Foundation. (2025, November). *Youth Employment Outlook 2025* [PDF]. Retrieved from: <https://youthfuturesfoundation.org/publication/youth-employment-2025-outlook/>

<sup>15</sup> Unpublished TUC analysis of raw ONS NEET data (4 quarter average of 2024 q4, 2025 q1, 2025 q2 and 2025 q3)

<sup>16</sup> Learning and Work Institute. (2025, April 4). *Young people who are not in education, employment or training: What does the data tell us?* <https://learningandwork.org.uk/resources/research-and-reports/young-people-who-are-not-in-education-employment-or-training-what-does-the-data-tell-us/>

<sup>17</sup> Ibid

<sup>18</sup> Youth Futures Foundation. (2025, November). *Youth Employment Outlook 2025* [PDF]. Retrieved from: <https://youthfuturesfoundation.org/publication/youth-employment-2025-outlook/>

<sup>19</sup> ACEVO 2012 – Youth unemployment the crisis we can't afford - <https://www.acevo.org.uk/wp-content/uploads/2019/07/Youth-Unemployment-the-crisis-we-cannot-afford.pdf>

A Scottish Longitudinal NEET Study showed those who were NEET in 2001 and those who were NEET in 1991 consistently demonstrated highly significantly poorer labour market and health outcomes 10 and 20 years later. The risk of poor health in the long term for the NEET group is 1.6 - 2.5 times that for the non-NEET group varying with different physical health outcomes. NEET experiences are linked to a higher risk of poor mental health; the risk of depression and anxiety for the NEET group is over 50% higher than that for the non-NEET group.<sup>20</sup>

- **Experience of poor-quality work.** Analysis by Timewise<sup>21</sup>, commissioned by the TUC, found that whilst flows into economic inactivity are higher for older workers, over a quarter (27 per cent) of workers who are economically inactive due to sickness are 16–39-year-olds.<sup>22</sup> The analysis finds that the three sectors with the highest volumes of workers moving into economic inactivity due to ill-health are also the sectors where young people are most likely to work (wholesale and retail, food and accommodation and health and social care).

Similarly, elementary occupations, caring, leisure and other service occupations and sales and customer service occupations are disproportionately likely to be done by young people and all feature in the top four occupations ranked by the volume of workers flowing into economic inactivity due to ill-health. These three occupational categories make up 49 per cent of all young people's employment. Nearly half (46 per cent) of economically inactive people whose last job was in an elementary occupation are aged under 40.

These sectors are often associated with lower pay and job insecurity, which wider evidence suggests are both contributing factors to economic inactivity generally and the growth in poor mental health and economic inactivity amongst young people.<sup>23</sup> Overall, this suggests that measures to improve job quality in the sectors where most young people work will be important in supporting labour market participation among young people, in addition to targeted employment support, creation of stronger pathways into good jobs and health support.

The above shows that there are multiple risk factors for being out of employment, education and training, for example geographic factors, experiences of poor-quality work, being disabled and lower educational attainment. Many young people will

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<sup>20</sup> Scottish Government 2025 - Consequences, risk factors, and geography of young people not in education, employment or training (NEET) - Research Findings  
<https://www.gov.scot/publications/consequences-risk-factors-geography-young-people-education-employment-training-neet-research-findings/pages/1/>

<sup>21</sup> Timewise. (2026). Work that works for the next generation: The role of job quality in tackling youth inactivity. *Unpublished*.

<sup>22</sup> Due to small cohort sizes in economic inactivity in sectors, it is not possible to report on narrower age bands.

<sup>23</sup> Timewise. (2026). Work that works for the next generation: The role of job quality in tackling youth inactivity. *Unpublished*.

experience multiple factors with data showing that two thirds of young people who are NEET experience of three or more risk factors.<sup>24</sup> Being NEET is not intrinsic to these groups of young people but failures of labour market, education, skills and health systems to support them - increasingly due to decades of under investment and growth in poor quality, inaccessible opportunities have contributed to their deteriorating prospects.

Improving young people's labour market prospects should be a cross-government priority, and would benefit from cross-government targets. These could include an ambition to see significant falls in NEET rates by the end of the parliament, to at least pre-pandemic levels.

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<sup>24</sup> National Centre for Social Research. (2023, December). *Risk factors for being NEET among young people*. <https://natcen.ac.uk/publications/risk-factors-being-neet-among-young-people>

## 2) Preventing young people from becoming NEET

The rising rates of NEET young people is not caused by a growing unwillingness to participate but due to barriers to participation.

Young people today have experienced more significant challenges in the education system due to Covid-19 meaning they may feel less job ready than those entering the labour market previously.<sup>25</sup> Despite efforts by schools to support students and address the disadvantage gap following the pandemic, this was not met with a robust programme of recovery by the previous government. In addition, unions highlighted that the attainment gap between students from disadvantaged backgrounds and their peers grew over the pandemic.<sup>26</sup>

Young people now turning 24 would have entered the labour market at 18 during Covid-19 - this cohort has experienced multiple periods of uncertainty in short succession, with the potential to have long-term scarring effects and means that earlier experiences in the labour market to build up relevant skills have been interrupted.

Young people are also being shut out by an increasing hostile labour market, during periods of wide labour market weakness, young people's employment prospects are always disproportionately impacted.

ONS data shows that vacancies have fallen from 948,000 in September – November 2023 to 728,000 in September to November 2025. The falling vacancy rate coupled with the increasing unemployment rate has resulted in the number of unemployed people per vacancy rising from 1.4 to 2.5 in the same period.<sup>27</sup>

Given rising unemployment, young people are currently competing with more experienced workers for fewer jobs. And young people are also overrepresented in industries that have been particularly impacted by reduced spending due to the cost-of-living crisis such as retail and hospitality.

Of the 946,000 16–24-year-olds who are NEET around half (580,000) are claiming Universal Credit as they are not in work, this includes 245,000 who are claiming Universal Credit for ill health and disability, with around 173,000 of this group receiving the additional health element.<sup>28</sup> Almost half of NEET young people do not rely on out of work benefits, and of the overall NEET group around 18% are claiming health related Universal Credit.

There is also no evidence that claiming social security is driving NEET rates.

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<sup>25</sup> Institute for Public Policy Research (IPPR). (2025, July 8). *Towards universal opportunity for young people*. <https://www.ippr.org/articles/towards-universal-opportunity-for-young-people>

<sup>26</sup> National Association of Schoolmasters/Union of Women Teachers (NASUWT). (n.d.). *Written evidence submitted by NASUWT*. UK Parliament. <https://committees.parliament.uk/writtenevidence/118611/html/>

<sup>27</sup> TUC analysis of ONS Vacancy Survey and Labour Force Survey

<sup>28</sup> TUC analysis of stat explorer

- How can the Government, and the DWP, help to prevent young people becoming NEET in the first place?

### Apprenticeship reform

Reversing the decline in apprenticeship opportunities for young people requires improving quality, expanding provision and ensuring apprentices are financially supported to complete their training. The industrial strategy provides an opportunity to create sustainable, quality apprenticeships. Funding for infrastructure projects should come with requirements for apprenticeship delivery; a certain percentage of apprenticeships should be ringfenced for 18–24-year-olds and apprenticeships should also be targeted at people without a Level 2 qualification.

Despite policy efforts such as the Apprenticeship Levy, the UK apprenticeship system continues to face significant challenges in uptake, quality, and accessibility—particularly for small and medium-sized enterprises (SMEs).

The Apprenticeship Levy, intended to boost numbers, has fallen short, leading to an overall decline in apprenticeship starts and achievements. A report from UCAS and St Martin's Group in 2024 found that on average for every apprenticeship there were 4.4 young people interested.<sup>29</sup>

TUC analysis has found that between 2017/18 and 2023/24 apprenticeship start rates for 19–24-year-olds have reduced by 15 per cent and by 26 per cent for under 19s. This is in comparison to an increase in start rates for those aged 25 and over of 6 per cent.<sup>30</sup>

In addition, achievement rates for under 19 have reduced by 44 per cent and by 31 per cent for 19–24-year-olds. Those aged 25 and over have also experienced a decline in completion rates of 33 per cent.

In 2023/24, on average 60 per cent of apprentices completed their programme. The Sutton Trust have demonstrated that the UK has a much higher drop-out rate than European countries with a dual system for example Germany and Austria. In addition, our apprenticeship dropout rate is higher than for other education programmes in the UK.<sup>31</sup>

Reasons cited for leaving apprenticeships include poor quality training and financial issues. Previous surveys indicate that 44 per cent of leavers cite insufficient training time and 43 per cent cite poor training quality as reasons for leaving early.<sup>32</sup> Among

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<sup>29</sup> Youth Futures Foundation. (2025, November). *Youth Employment Outlook 2025* [PDF]. <https://youthfuturesfoundation.org/publication/youth-employment-2025-outlook/>

<sup>30</sup> Department for Education. (2024). *Apprenticeships, academic year 2023/24*. <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2023-24>

<sup>31</sup> Sutton Trust. (2020). *A world of difference: Social mobility and the classroom*. <https://www.suttontrust.com/our-research/a-world-of-difference/>

<sup>32</sup> [Apprenticeships, Academic year 2024/25 - Explore education statistics - GOV.UK](https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2023-24)

Level 2 apprentices who dropped out, nearly 40 per cent mentioned financial problems as contributing factors.<sup>33</sup>

The Growth and Skills levy is the key lever to address these negative trends, with welcome steps already taken to raise employer uptake and improve access and completion rates for learners, including Foundation apprenticeships and the removal of requirements for functional skills in some apprenticeships. Shorter qualifications should be aligned to progression routes into Level 3 to support skills and career development and not put occupational standards at risk.

The apprenticeship levy currently applies to large employers with a payroll over £3 million - just 2% of UK employers.<sup>34</sup> This narrow scope limits its impact and reach, and there is a strong case for broadening it. Currently, very few small and medium-sized enterprises (SMEs) contribute, which means they lack a direct stake in the system.

We welcome the government's recent announcement to support SMEs with the cost of taking on apprentices, including additional funding for training and incentives designed to remove some of the financial barriers smaller employers face.<sup>35</sup> This shift recognises the crucial role SMEs play in delivering apprenticeship opportunities and aims to boost participation by reducing upfront costs. This is especially important given SMEs' historic role in the system.

Before the introduction of the levy, employers with fewer than 250 workers employed the majority (53 per cent) of apprentices<sup>36</sup> and accounted for almost three quarters of employer investment in skills (72 per cent).<sup>37</sup>

Expanding the levy would deliver a dual benefit, as set out by the Fabian Society.<sup>38</sup> First, it would increase the overall size of the levy, with more employers paying in, and fewer employers reliant on the unspent funds from larger levy payers. Secondly, it would encourage more SMEs to invest in training, with more employers able to draw down funds to up- or re-skill their workforce. The Fabian Society forecasts that this would raise an additional £630m annually by 2029/30 if introduced incrementally and support up to 115,000 more apprenticeship starts per year.<sup>39</sup>

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<sup>33</sup> IFF Research. (2023). Apprenticeship evaluation 2023: Learner and non-completer surveys. <https://www.gov.uk/government/publications/apprenticeship-evaluation-2023-learner-non-completer-and-employer-surveys>

<sup>34</sup> [Pay Apprenticeship Levy Guidance](#)

<sup>35</sup> [50,000 more young people to benefit from apprenticeships as Government unveils new skills reforms to get Britain working - GOV.UK](#)

<sup>36</sup> [Apprenticeships in England by Industry Characteristics 2018/19 Academic Year](#)

<sup>37</sup> [Apprenticeships in England by industry characteristics](#)

<sup>38</sup> Fabian Society 2025, Leving up - <https://fabians.org.uk/wp-content/uploads/2025/08/FABIANS-YFF-CIPD-Making-the-Growth-and-Skills-Levy-Work-Final-draft-PDF.pdf>

<sup>39</sup> Fabian Society 2025, Leving up - <https://fabians.org.uk/wp-content/uploads/2025/08/FABIANS-YFF-CIPD-Making-the-Growth-and-Skills-Levy-Work-Final-draft-PDF.pdf>

Recognising the additional costs this brings, SMEs should pay in at a lower rate (0.5%) than larger employers and there should be additional support for SMEs with training and workforce planning, as they typically have limited HR capacity.

There is also a clear opportunity to use the government's industrial strategy to ringfence roles for young people and create long term apprenticeship opportunities. This would provide good quality jobs for life for young people and in turn a skilled, long-term workforce that will drive economic growth in the government's priority sectors.

The TUC recommends that funding for infrastructure projects should come with requirements for apprenticeship delivery; a certain percentage of apprenticeships should be ringfenced for 18–24-year-olds and apprenticeships should also be targeted at people without a Level 2 qualification. IPPR polling shows that this policy would likely be popular with 77 per cent of respondents saying young people under the age of 25 should have the highest priority access to apprenticeship opportunities.<sup>40</sup>

Building on Skills England's remit to engage unions as key stakeholders, further engagement is needed to ensure apprenticeships meet the needs of learners, workers and the economy. Unions play a vital role in raising training standards, securing adequate learning time and improving programme quality, helping reduce dropout rates and enhance the apprenticeship experience.

Apprentices also need fair pay; to recruit and retain apprentices, government should increase the apprenticeship minimum wage, aligning it to the national minimum wage overtime.

### **Funding Post 16 education**

Both further and higher education are facing a financial crisis, and staff shortages which is jeopardising the ability to deliver apprenticeships and upskill the workforce. The government must work with unions on a sustainable further education workforce strategy, take steps to stabilise higher education through intervention and funding reform, and address the systemic pressures affecting colleges and universities so they have the capacity needed to deliver apprenticeships and wider learning opportunities.

#### ***Further education***

As the Prime Minister recently set out, Further Education (FE) has long been treated as the "Cinderella service" of the education system - overlooked and underappreciated - despite its power to raise aspirations and tackle inequality.<sup>41</sup> The FE sector faces a deepening recruitment and retention crisis which, unless urgently addressed, will be a barrier to delivering key government policy, including plans for all 16–19-year-olds

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<sup>40</sup> Institute for Public Policy Research (IPPR). (2025, July 8). *Towards universal opportunity for young people*. <https://www.ippr.org/articles/towards-universal-opportunity-for-young-people>

<sup>41</sup> [PM Keir Starmer's Labour Party Conference speech in full](#)

without a grade 4 GCSE in English and/or maths to be offered 100 hours of face-to-face teaching.

The TUC welcomes the government's renewed commitment to further education, including an additional £800m investment for 2026–27. This additional funding must be ringfenced to address the crisis in workforce recruitment and retention, including closing the FE pay gap, and government must work with unions representing the FE workforce on a strategy that aligns their vision for further education with a plan to improve working conditions in the sector.

### *Higher education*

Higher education is also facing financial crisis, which is impacting the workforce, students and delivery. Half of universities are making job and course cuts, and up to 15,000 job losses are predicted in 2025, due to both the funding available and the model used to fund the sector. Higher education trade unions are calling for urgent government intervention to halt redundancies, protect courses, and reform the broken system, underpinned by public funding and equitable distribution of students between institutions.<sup>42</sup>

### *Preventative role of schools and colleges*

TUC affiliated unions, including UCU and NEU, highlight that well-funded schools and Further Education colleges play a crucial role in preventing young people from becoming NEET. UCU evidence highlights that sustained post-16 engagement, supported by early, integrated help such as confidence-building and tailored careers advice, reduces NEET risk.<sup>43</sup>

NEU warns that NEET numbers are rising towards one million, driven by inadequate SEND provision, limited mental health support, and a narrowing post-16 curriculum. They call for inclusive schooling, stronger wellbeing services, and wider vocational options to keep young people engaged.<sup>44</sup>

We welcome the government's £200 million investment in SEND support, recognising that expanded and better-resourced provision is essential to keeping children and young people included in education and reducing the risk of becoming NEET.<sup>45</sup>

This evidence highlights that sustained investment in schools and FE colleges is essential to keeping young people engaged and out of NEET status.

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<sup>42</sup> UCU. (2025). *Stop the cuts campaign*. <https://www.ucu.org.uk/stopthecutscampaign>

<sup>43</sup> UCU 2015 - <https://www.ucu.org.uk/article/7412/UCU-response-to-prime-ministers-plans-for-NEETs>

<sup>44</sup> NEU -2025 - <https://neu.org.uk/latest/press-releases/young-people-not-education-employment-or-training-set-hit-1-million>

<sup>45</sup> DFE 2026 - <https://www.gov.uk/government/news/200-million-landmark-send-teacher-training-programme>

## ***Reinstating Education Maintenance Allowance***

The TUC has long-standing policy calling for the re-introduction of the Education Maintenance Allowance in England. The TUC also represented trade unions on the Council of Labour Skills Advisers, ensuring workforce issues were central to shaping recommendations. The Labour Skills Advisers 2023 report<sup>46</sup> made clear that:

*"A Labour government should reinstate the Education Maintenance Allowance in England. Scrapped by the coalition government in England in 2011. A study done by the institute for fiscal studies, following the announcement in 2010 to end the support, found that the EMA was in fact, an efficient use of money.*

*Crucially, it found that the EMA "increased the proportion of eligible 16-year-olds staying in education from 65% to 69% and increased the proportion of eligible 17-year-olds in education from 54% to 61%.*

*Based on these impacts, and on estimates of the financial benefits of additional education taken from elsewhere in the economics literature, the study concluded that the costs of providing EMA were likely to be exceeded in the long run by the higher wages that its recipients would go on to enjoy in future."<sup>47</sup>*

Given the high cost of living, we believe there should also be a wider review of government financial support to young people to support participation in education, employment and training and raise living standards.

## **Childcare**

We also have concerns around eligibility for childcare support for those participating in training. Many young parents in training or apprentices will not qualify for government funded childcare hours as they will not meet the minimum earnings threshold. Young parents also need support towards the cost of childcare, which are currently very high. The current system could act as a disincentive to entering training or an apprenticeship which could be beneficial for longer term progression.

The government should look at eligibility for funded childcare hours and other childcare entitlements to ensure that young parents who want to participate in training or an apprenticeship also receive childcare support.

## **Social security support**

Cutting benefits for a small number of high needs young people is not the answer to the complex, structural and long-run challenges of rising NEET rates. The Youth Guarantee should not be funded by removing benefits for young people with health conditions, and the policy of cutting access to the health element for young people

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<sup>46</sup> Labour 2023, Report of the Council of Skills Advisers  
<https://labour.org.uk/updates/stories/report-of-the-council-of-skills-advisers/>

<sup>47</sup> IFS 2010 - An efficient maintenance allowance?  
<https://ifs.org.uk/articles/efficient-maintenance-allowance>

should not proceed. It could remove vital financial support that helps young people into work, education and training. *The risk is that an approach based on cutting young people's entitlements would leave those young people most in need of support even further from the jobs market.*

Separately families could lose up to £92 a week (based up on 2024/25 rates) week in child benefit and the child element of Universal Credit (UC) if a young person over 16 starts an apprenticeship instead of staying in full-time education. This drop in income for low-income families can be a disincentive to start an apprenticeship. The rules should be the same for families; they should not lose their income as their child has taken up an apprenticeship which will improve their future career prospects. It is not right the young person bases their decision about whether to go for an apprenticeship or full-time education based on what this means for their families living standards.

While apprentices are being paid, they are on low pay and can earn less than peers in part-time jobs, with 18-year-old apprentices (from 2026) getting £8 per an hour compared to £10.85 for a sixth form student on a part time job.<sup>48</sup>

### Tackling regional employment gaps

The UK labour market remains characterised by significant regional and local labour market inequalities. Young people living in areas of high deprivation and lower employment rates are far more likely than others to be NEET.

An ambitious cross-government approach to boosting job creation in areas with highest NEET rates could play an important role in starting to turn these trends around.

Policy levers across government focused on young people's job creation. The government's industrial strategy, the new infrastructure pipeline and wider ongoing government procurement all provide opportunities to place a strategic priority on training and employment opportunities for young people. Government should use both its convening and spending power to ensure that a national priority is given to creating opportunities for young people in the regions and local areas with the highest NEET rates.

### Good quality work experience

High quality, structured work experience which includes a substantial element of structured learning, with trade union involvement is the most effective way to ensure that young people are not exploited and that they receive a learning experience which enables them to develop the skills they need to gain secure employment. Good quality

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<sup>48</sup> The apprentice rate applies to apprentices under 19, or those aged 19 and over in their first year. Apprentices aged 19+ who have completed their first year are entitled to the higher National Minimum Wage for their age.

work experience placements must be combined with a substantial training-based element, which helps a young person develop relevant skills.

Left unchecked, the work experience element of youth unemployment policies could result in the exploitation of young people. Trade unions should have a representative on any steering groups/working groups which have oversight of the work experience programme. This should include placement design, delivery and evaluation.

The principle of a fair day's pay for a fair day's work is a core trade union demand. Should young people on work experience placements begin to undertake work of value the employer will have a legal obligation to pay that person at least the National Minimum Wage. The most effective way to enforce this legal requirement is through trade union involvement.

Work experience placements should not result in any existing workers being displaced, placements must be in addition to the existing workforce.

Work experience placements should have a set time period which allows time for relevant training to be provided, the placement should not continue for too long. If they do it is likely that the young person will effectively be doing a real job, in which case they should be paid the appropriate rate for it.

Financial support must be offered to young people to ensure they can participate, that they are fully reimbursed for all travel, childcare or other caring costs and meal expenses and any other work-related expenses such as clothing and footwear. Financial support for young people will also enable underrepresented groups to participate in work experience programmes.

Finally, the current offer for work experience and training placements in the Youth Guarantee is only available to young people on Universal Credit. Given the high percentage of NEET young people who are not on Universal Credit, we believe the offer needs to be extended to a wider group of people.

### **Funding for health care**

More young people today are disabled or have health conditions which impact on their likelihood of being in work or education. In the past decade, the percentage of young people reporting ill-health as the primary reason for being economically inactive has more than doubled, from around 10 per cent in 2013 to around 27 per cent in 2024.<sup>49</sup>

The current cohort of NEET young people grew up during a period of sustained real terms cuts in education and wider youth spending. This had had clear impacts on their health and continues to undermine the capacity of schools and wider services to fully support current cohorts.

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<sup>49</sup> Learning and Work Institute. (2025, April 4). Young people who are not in education, employment or training: What does the data tell us? <https://learningandwork.org.uk/resources/research-and-reports/young-people-who-are-not-in-education-employment-or-training-what-does-the-data-tell-us/>

Our affiliate CSP shared data showing poor access to NHS community health services for children and young people (CYP). For physio in November 2025 there were 6,608 CYP waiting 4-12 weeks, 1,758 CYP waiting 12-18 weeks and 1,534 CYP waiting 18-52 weeks.<sup>50</sup>

Effective interventions are required to support these children before they become adults – and to ensure that when they do there are appropriate learning and earning pathways in place for them to enable them to transition into paid work. These young people do not lack the ambition to participate in training or work when they reach 16, they have been held back by structural failures over many years. This includes lack of access to essential care and therapies swiftly

Research commissioned by Youth Futures Foundation by the University of Manchester showed that the rise in mental ill-health amongst young people is a genuine increase in mental distress, challenging public assumptions that this is due to lower levels of resilience. They found poor economic conditions, in particular less availability of secure jobs and the cost of living, and a decline in youth services as two of the top four reasons for rising mental health amongst young people. Access to good work with secure hours and income emerges as a priority for young people.<sup>51</sup>

Given the high rates of young disabled people who are NEET, fully-funding comprehensive rehabilitative services – encompassing mental health, physiotherapy, orthopaedic and occupational therapy are fundamental in supporting young disabled workers and individuals with ill health to return to and stay in employment.

The government should ensure properly funded mental health interventions in communities, including an increase in the number of secure beds delivered by NHS providers and a move away from private mental health provision. This aligns with the government's ambition to shift services into community-based, preventative care, which, if adequately resourced, can significantly improve pathways to work. We recommend the government actively engage with unions representing NHS staff, who possess invaluable, practical expertise that can drive better policy- and decision-making.

### Improve experiences of work

Marmot and colleagues (2010) found being in poor quality work is potentially more detrimental to health than being unemployed or inactive.<sup>52</sup> Employment quality must

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<sup>50</sup> Community Health Services (CHS) SitRep. (2026, January). *Community Health Services Waiting Times*. 01 April 2025 - 31 March 2026

<sup>51</sup> Pierce, M. et al. (2025). *Understanding drivers of recent trends in young people's mental health*. <https://youthfuturesfoundation.org/publication/report-understanding-drivers-of-recent-trends-in-young-peoples-mental-health/>

<sup>52</sup> Marmot, M. (2010). *Fair Society, Healthy Lives: The Marmot Review: Strategic review of health inequalities in England post-2010* (Report 2/2010). [UCL Institute of Health](https://www.ucl.ac.uk/health)

be a parallel concern when thinking about lowering the number of young people who are NEET. Low quality work will cause a cycle of young people joining and dropping out of the workplace and worsening mental health.

There is a growing concern about the impact of insecurity on long term health and employment outcomes. Research from the US for example has shown that volatile and variable work schedules when you are young results in a higher likelihood of reporting poor health and depressive symptoms at age 50 than for those with stable standard work schedules.<sup>53</sup>

Given the evidence that poor quality jobs can drive economic inactivity, the government should ensure ambitious implementation of the Employment Rights Act, in particular measures that will support job security. In addition, government should introduce legislative changes to improve the accessibility of work including improving access to reasonable adjustments, improving Access to Work and ensuring sufficient funding for the Equality and Human Rights Commission and Health and Safety Executive.

### *Insecure work*

TUC analysis shows that young workers aged 16-24 are almost four times more likely than the wider work force to be employed on a zero-hours contract (13 per cent compared to 3.5 per cent of all workers). In November 2025, 508,000 young workers were on zero-hour contracts, an increase by 31,000 from the year before.<sup>54</sup> The sectors young people work in have high levels of zero-hour contracts for example accommodation and food services , and wholesale and retail.

As outlined previously, the sectors and occupations with the highest rates of flows into economic inactivity are sectors and occupations where young people are most likely to work. The sectors cited are often those associated with lower pay and job insecurity, which are both contributing factors to economic inactivity and the growth in poor mental health as the following evidence demonstrates.

The Timewise research found a mismatch between the work disabled people say they want to do and the work they are most likely to move into. The analysis found a very small proportion of people make it back into work out of inactivity due to long-term sickness or an impairment in any given year (2.5 per cent). Those who do are most likely to be working in precarious and demanding jobs in frontline low wage service sectors, including retail, health and care, leisure and hospitality, transport and logistics and

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Equity. <http://www.instituteofhealthequity.org/resources-reports/fair-society-healthy-lives-the-marmot-review>

<sup>53</sup> Han W (2024) *How our longitudinal employment patterns might shape our health as we approach middle adulthood—US NLSY79 cohort*. PLOS One.

<sup>54</sup> TUC analysis of zero hour contracts data - [EMP17: People in employment on zero hours contracts - Office for National Statistics](#)

construction. Of the 2.5 per cent who do find work, for just over half this work lasts for fewer than four months.<sup>55</sup>

The government has taken significant steps to improve the quality of work for young people through its plan to Make Work Pay. We strongly believe that good quality work is key to keeping young people in the labour market.

### *Job Flexibility/accessibility*

Research from the Work Foundation at University of Lancaster found workers without any flexibility in their jobs are four times more likely to leave work after a health decline, while those with low levels of control over working hours, pace, tasks, order and work manner are 3.7 times more likely to exit.<sup>56</sup> Job autonomy and flexibility are two factors that can make work more accessible for those with health conditions for example autonomy over time to work around appointments or take breaks when needed.

The Young Women's Trust found that 3 in 10 (30%) young women say that a lack of flexibility has made it difficult for them to apply for a job.<sup>57</sup>

There is strong evidence that flexibility in hours and location are an important reasonable adjustment for disabled people<sup>58,59,60</sup> but too many people are unable to get this. For example, only 3.8 per cent of jobs on the Department for Work and Pensions Find a Job portal including remote or hybrid working.<sup>61</sup>

The TUC believes the government has a key role to play in making flexible working the default, which is key to creating quality jobs and can be a vital reasonable adjustment for young disabled people. The government should introduce a legal duty on employers to consider which flexible working arrangements are available in a role and publish these in job advertisements, with new postholders having a day one right to

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<sup>55</sup> Timewise 2025 - Why healthy job design is critical to tackling economic inactivity

<https://timewise.co.uk/article/why-healthy-job-design-is-critical-to-tackling-economic-inactivity/>

<sup>56</sup> Work Foundation (2025, 17 June). *A Divided Workforce? Worker views on health and employment in 2025.*

<https://www.lancaster.ac.uk/work-foundation/publications/divided-workforce>

<sup>57</sup> Young Women's Trust. (2024). *Flexible working. Annual Survey 2024: A world not designed for us.*

<https://research.youngwomenstrust.org/annual-survey-2024/a-world-not-designed-for-us/flexible-working/>

<sup>58</sup> Work Foundation, Lancaster University. (2025, March 13). *Beyond the office? How remote and hybrid*

*working can help close the disability employment gap.* [https://www.lancaster.ac.uk/work-](https://www.lancaster.ac.uk/work-foundation/publications/beyond-the-office)

[foundation/publications/beyond-the-office](https://www.lancaster.ac.uk/work-foundation/publications/beyond-the-office)

<sup>59</sup> King's College London. (2025, March 25). *New report calls on employers and the Government to realise*

*the potential of Flex Plus working for disability inclusion.* [https://www.kcl.ac.uk/news/flex-plus-working-for-](https://www.kcl.ac.uk/news/flex-plus-working-for-disability-inclusion)

[disability-inclusion](https://www.kcl.ac.uk/news/flex-plus-working-for-disability-inclusion)

<sup>60</sup> Trades Union Congress. (2021). *Disabled workers' access to flexible working as a reasonable adjustment.*

[https://www.tuc.org.uk/research-analysis/reports/disabled-workers-access-flexible-working-reasonable-](https://www.tuc.org.uk/research-analysis/reports/disabled-workers-access-flexible-working-reasonable-adjustment)

[adjustment](https://www.tuc.org.uk/research-analysis/reports/disabled-workers-access-flexible-working-reasonable-adjustment)

<sup>61</sup> Work Foundation, Lancaster University. (2025, March 13). *Beyond the office? How remote and hybrid*

*working can help close the disability employment gap.* [https://www.lancaster.ac.uk/work-](https://www.lancaster.ac.uk/work-foundation/publications/beyond-the-office)

[foundation/publications/beyond-the-office](https://www.lancaster.ac.uk/work-foundation/publications/beyond-the-office)

take up the flexible working arrangements that have been advertised. If an employer does not think that any flexible working arrangements are possible, they should be required to set out that no form of flexible working is suitable in the job advert and why. This would ensure young disabled workers know what is available to them before applying for a job and will have access to flexible working from day one.

Another existing approach that has been successful in aiding workers and removing barriers is the Access to Work programme. However, the programme has faced issues with funding shortfalls, long waiting times and fundamentally with employers and workers often being unaware it exists. To improve the offer, the government should:

- Remove the financial support cap
- Take action to ensure the application and renewal processes are efficient, personalised, and flexible for disabled workers.
- Ensure any changes to Access to Work involve codesign with disabled people, their organisations and trade unions to be a success.
- Introduce 'in principle' indicative awards for entitled disabled jobseekers.
- Ensure consistent funding increases and a full assessment of unmet needs. It should be reformed to provide quick and efficient access to the service with reduced waiting times.

Access to Work is, and remains, a positive government initiative that is already ensuring disabled people can get into and stay in work – and it could be easily expanded and further improved.

In addition, the enforcement of the law is an important element in improving the employment rates and pay of disabled young workers.

The government should ensure the Equality and Human Rights Commission (EHRC) has sufficient funding to discharge their legal duties and should receive additional ring-fenced resources to conduct targeted enforcement of workers' right to reasonable adjustments.

The Health and Safety Executive, Britain's primary OSH regulator, has sustained 54 per cent budget cuts since 2010. To ensure all workers are prevented from risk to ill-health in the first instance, funding must be reinstated and sustained

- **Are there any examples of Government-funded interventions designed to prevent young people becoming NEET that have been particularly effective?**

### Jobs guarantee

We know that job guarantee schemes work. Evaluation of The Future Jobs Fund (FJF), set up under the previous Labour government, showed the scheme delivered clear benefits for participants, employers and society. The real selling point of the FJF was that it gave participants recent experience of a real job with a real wage, and opportunities to gain new skills.

The scheme funded 200,000 jobs from 2009 to 2012. Jobs were six months funded at the minimum wage, were additional, had to benefit local communities and providers were required to support for employees to move into long term sustained employment. Two years after starting the programme, participants were less likely to be in receipt of welfare support by 7 percentage points (or 16 per cent less likely) and more likely to be in unsubsidised employment by 11 percentage points (or 27 per cent more likely) per participant than they would have been had they not participated.<sup>62</sup> Lessons should be learnt from the FJF as it had a very large impact for an active labour market programme.

We welcome the government announcement at the end of 2025 which announced 55,000 job placements over three years in a new jobs guarantee for young people. Real experience of decent, paid work is the best way to turn the tide on rising rates of worklessness. We believe these places need to be expanded and paid opportunities should be prioritised over unpaid work experience placements. We await further details of the scheme.

Last year the TUC published its own proposal for a jobs guarantee scheme.<sup>63</sup> Our modelling of a jobs guarantee shows that the programme has a benefit-cost ratio of 2.8 - over time every £1,000 of (net) government spending on the programme would generate £2,810 of net revenue for the Exchequer – based on the government’s own approach to cost benefit appraisal. Annex I provides greater information on what a good jobs guarantee scheme should include.

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<sup>62</sup> Department for Work and Pensions. (2012). Impacts, costs, and benefits of the Future Jobs Fund. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/223120/impacts\\_costs\\_benefits\\_fjf.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/223120/impacts_costs_benefits_fjf.pdf)

<sup>63</sup> <https://www.tuc.org.uk/research-analysis/reports/ambitious-plan-young-people>

### 3) Support for young people who are NEET

- How well supported are young people as they move from school to college and into education? What impact might the transfer of apprenticeships and Skills to DWP for people aged 20+ have on these transitions?

Young people are not consistently supported as they move from school into further education, training or work. Evidence from Youth Employment UK <sup>64</sup> highlights how these transitions are fragmented, with insufficient careers advice, limited access to high-quality apprenticeships, and significant disadvantages for those who do not follow academic routes. Careers guidance in schools is often patchy and overly focused on university, leaving many young people unaware of Further Education and apprenticeship options. As a result, only around 5 per cent of young people secure an apprenticeship within two years of completing their GCSEs,<sup>65</sup> reflecting a failure of the system rather than a lack of ambition among young people.

The TUC welcomes transferring responsibility for apprenticeships and adult skills for people aged 20 and over to the Department for Work and Pensions, as this could improve alignment with employment support for some learners. However, it also risks prioritising short-term job outcomes over high-quality training and long-term progression, particularly for young adults who are still establishing their careers.

The TUC is clear that any reform must be underpinned by strong safeguards, including clear progression routes linked to further education, protections against excessive conditionality, and sustained public investment in high-quality apprenticeships. Skills policy must support long-term employability and decent work, not a narrow work-first approach.<sup>66</sup>

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<sup>64</sup> Youth employment UK 2025, <https://www.youthemployment.org.uk/precarious-transitions-key-findings-from-the-young-lives-young-futures-study/>

<sup>65</sup> Youth employment UK 2025, <https://www.youthemployment.org.uk/precarious-transitions-key-findings-from-the-young-lives-young-futures-study/>

<sup>66</sup> TUC 2024, Written evidence from The Trades Union Congress (TUC) (SFF0125) <https://committees.parliament.uk/writtenevidence/130892/pdf/>

- **What is the most effective way of delivering support to young people who are NEET? Are there any initiatives that can be learned from, domestically or internationally?**

Our TUC report 'An ambitious plan for young People'<sup>67</sup> summarised examples from Germany and the Netherlands.

### *Germany*

Germany's NEET rate has consistently stayed below 9 per cent since 2014, often attributed to their successful apprenticeship model.<sup>68</sup> There is a dual system whereby vocational training and general education are combined with at least 12 hours per week in vocational school. There is a strong emphasis on on-the-job training and the Federal Institute for Vocational Education and Training (BiBB), is responsible for setting quality frameworks.<sup>69</sup> Every employer who wants to employ apprentices must also have qualified trainers. Apprenticeships average three to three and a half years and focus on Level 3 and 4 qualifications. There is a lower dropout rate, when compared with the UK of 25 per cent.<sup>70</sup>

Unions are involved in ensuring quality apprenticeships as they sit on the board of BiBB and are involved in quality assurance at a regional level.<sup>71</sup> Collective bargaining agreements will often cover apprentice pay as a core demand to ensure apprentices are paid above the minimum.

In recognition of the fact that apprenticeship opportunities can be very localised, the government has introduced a monthly travel pass that can be used across the country for everyone and travel discounts for apprenticeships. The German government have also introduced a training assistance programme whereby apprentices are given a training supervisor who can support in organising training, assist with applications and help with problems. Individuals can access the service via the employer, careers advisor or job centre. The assistance is free to young people and the employer, and the cost is borne by the job centre. According to the BIBB Data Report 2024, in 2022, 32,400 young people used the assisted training service and almost half of participants (46.7

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<sup>67</sup> TUC 2025, An ambitious youth guarantee - <https://www.tuc.org.uk/research-analysis/reports/ambitious-plan-young-people>

<sup>68</sup> Eurostat. (2024). *Statistics on young people neither in employment nor in education or training*. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics on young people neither in employment nor in education or training](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics_on_young_people_neither_in_employment_nor_in_education_or_training)

<sup>69</sup> Federal Institute for Vocational Education and Training (BiBB). <https://www.bibb.de/en/198718.php>

<sup>70</sup> Sutton Trust. (2020). *A world of difference: Social mobility and the classroom*. <https://www.suttontrust.com/our-research/a-world-of-difference/>

<sup>71</sup> Federal Institute for Vocational Education and Training (BiBB). <https://www.bibb.de/en/198718.php>

per cent) had a lower secondary school certificate, and about a tenth had no school certificate.

### *The Netherlands*

The Netherlands has a low NEET rate of around five per cent.<sup>72</sup> Like Germany, the VET system is a dual system combining vocational education with work-based learning. There are four levels of courses starting with level one: a one-year course for young people furthest from the labour market. Levels two, three and four are vocational training, professional training and middle-management training which vary by length and qualification but are a minimum of two years.<sup>73</sup>

To ensure high quality training in the VET system, training companies must be accredited and registered on a public website. At least 20 per cent of practical training must be carried out by the company by an in-house qualified trainer and there are clear quality criteria. Employers may also receive a grant of up to £2,300 per apprentice per year and don't have to financially contribute towards off-the-job training costs.<sup>74</sup>

Trade unions are involved through collective agreements on both apprentices' wages and training quality, via social dialogue at sectoral level and unions are part of the Foundation for cooperation on Vocational Education, Training and the Labour Market (SBB).<sup>75</sup> The SBB oversees the qualification structures, accreditation of work placements and advising training firms.

Following successful pilots in 2018, legislation is being introduced in 2026 in the Netherlands to improve the school to work transition. This includes a new model to identify risk of early school leavers, prioritizing resources towards regions with higher risks of early school leavers and mandatory career guidance at school and after graduation that must be individually tailored.<sup>76</sup>

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<sup>72</sup> Organisation for Economic Co-operation and Development (OECD). (2024). *Education at a glance 2024: Netherlands country notes*.

[https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/09/education-at-a-glance-2024-country-notes\\_532eb29d/netherlands\\_e5118ee7/f17c5d6a-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/09/education-at-a-glance-2024-country-notes_532eb29d/netherlands_e5118ee7/f17c5d6a-en.pdf)

<sup>73</sup> Eurydice. *Organisation of vocational upper secondary education (MBO) in the Netherlands*.

<https://eurydice.eacea.ec.europa.eu/eurydice/netherlands/organisation-vocational-upper-secondary-education-mbo>

<sup>74</sup> Sutton Trust. (2020). *A world of difference: Social mobility and the classroom*.

<https://www.suttontrust.com/our-research/a-world-of-difference/>

<sup>75</sup> Stichting Beroepsonderwijs Bedrijfsleven (SBB). <https://www.s-bb.nl/en/>

<sup>76</sup> Rijksoverheid. (2024, December 10). *Wetsvoorstel van school naar duurzaam werk (K2-13026)*. Retrieved from <https://www.rijksoverheid.nl/documenten/besluiten/2024/12/10/k2-13026-wetsvoorstel-van-school-naar-duurzaam-werk>

- **What barriers or disincentives prevent young people from taking up, or completing, apprenticeships?**

Young people face structural barriers that limit the role apprenticeships can play in supporting sustained employment outcomes. Evidence shows that demand from young people exceeds the supply of apprenticeship opportunities, particularly at entry and intermediate levels, meaning many motivated young people are unable to secure a place<sup>77</sup>

Inconsistent careers advice and work-focused guidance remain a barrier, with research finding that many young people lack clear information on apprenticeships and progression routes into skilled employment, undermining effective claimant journeys.<sup>78</sup>

The Department for Education evaluation evidence shows that apprenticeship non-completion is strongly associated with poor quality training and placements, inadequate delivery of off-the-job training, and employer practices that prioritise productive work over structured learning.<sup>79</sup>

Low pay and financial insecurity are also significant disincentives. Recent evidence shows that affordability is a key factor in non-completion, particularly for young people from low-income households.<sup>80</sup>

These barriers highlight the risk of apprenticeships being undermined within a narrow work-first employment system. Safeguards are needed to ensure a focus on training quality, fair pay, clear progression into sustained work, and protection from excessive conditionality, so that apprenticeships deliver long-term employment outcomes.

- **What barriers are there to employers offering and targeting apprenticeships at young people? How effectively will the Government's current approach address these?**

The TUC recognises apprenticeships as a vital route into skilled employment, but longstanding barriers continue to limit employer engagement with young people.

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<sup>77</sup> NFER 2022 - Equalising access to apprenticeships - Investigating the barriers to young people accessing apprenticeship opportunities - <https://www.nfer.ac.uk/>

<sup>78</sup> Youth Futures Foundation 2025 - Ethnic disparities and apprenticeship participation <https://youthfuturesfoundation.org/publication/research-unwrapped-ethnic-disparities-and-apprenticeship-participation/>

<sup>79</sup> DFE 2023, <https://www.gov.uk/government/publications/apprenticeship-evaluation-2023-learner-non-completer-and-employer-surveys>

<sup>80</sup> Youth Futures Foundation 2025 - <https://youthfuturesfoundation.org/publication/research-unwrapped-ethnic-disparities-and-apprenticeship-participation/>

A key structural issue has been the way the apprenticeship system has operated since the introduction of the Apprenticeship Levy.<sup>81</sup> Evidence shows that levy funding has been disproportionately used to train existing, often older, workers frequently at higher levels rather than to create new entry-level opportunities for young people. This has contributed to a sustained decline in starts for under-19s and at Level 2, which remains the most accessible route for young labour-market entrants.<sup>82</sup>

Cost, capacity and perceived risk also act as barriers, particularly for small and medium-sized employers. SMEs often report concerns about supervision time, administrative complexity and the risk associated with recruiting young people with limited work experience, even where skills shortages persist.

Low pay and variable training quality further undermine employer confidence and young people's participation. Financial pressures and inconsistent access to high-quality off-the-job training contribute to higher drop-out rates, particularly among young people from disadvantaged backgrounds, reducing the effectiveness of apprenticeships as a sustained workforce pipeline.

The TUC welcomes the government's recent apprenticeship reforms and the direction of travel set through Skills England, particularly the renewed focus on simplifying the system, improving access and strengthening pathways into skilled work for young people.

The decision to fully fund apprenticeship training costs for under-25s in SMEs directly addresses a major financial barrier and should increase employer participation at entry level.<sup>83</sup> The introduction of foundation apprenticeships aligns with Skills England's objective of creating clearer, lower-risk routes into employment, supporting young people to build occupational competence while meeting employer need.

Reforms to assessment and delivery, including greater flexibility and reduced bureaucracy, are also positive steps that support employer engagement and system responsiveness.

However, risks remain. Greater flexibility in levy use and the expansion of shorter training offers could dilute employer focus on full apprenticeships unless there are clear expectations to prioritise young people. Current reforms also do not yet go far enough in addressing apprentice pay, training quality and progression, which are essential to improving completion rates and long-term employer confidence.

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<sup>81</sup> Parliament politics magazine 2025, Government must urgently reform the failed Apprenticeship Levy to boost growth and unlock opportunity for all <https://parliamentnews.co.uk/government-must-urgently-reform-the-failed-apprenticeship-levy-to-boost-growth-and-unlock-opportunity-for-all>

<sup>82</sup> FE week 2026 - Apprenticeships: Level 2 starts lowest in four years- <https://feweek.co.uk/apprenticeships-level-2-starts-lowest-in-four-years/>

<sup>83</sup> <https://www.gov.uk/government/news/50000-more-young-people-to-benefit-from-apprenticeships-as-government-unveils-new-skills-reforms-to-get-britain-working>

- **How can apprenticeships and other forms of training offered by DWP, e.g. Skills Bootcamps or the sector-based work academy programme, be best utilised to support young people?**

Apprenticeships should remain the core route into skilled, secure work for young people. DWP-funded programmes such as Skills Bootcamps and the Sector-Based Work Academy Programme can play a valuable supporting role where they are clearly aligned as pathways into apprenticeships or sustained employment, particularly for young people who are unemployed or at risk of becoming NEET. These programmes must deliver high-quality training, lead to real job outcomes, and not substitute for paid work or apprenticeships. Joined-up delivery through Skills England, Jobcentre Plus, employers and trade unions is essential to ensure support is targeted, progressive and focused on long-term outcomes for young people.

- **How does support for young people who are NEET differ between the UK's four nations? How might the transfer of Skills to DWP impact the delivery of support for young people across the UK?**

Support for young people who are NEET differs significantly across the four nations due to devolved responsibility for skills and employability.<sup>84</sup> Research from the Education Policy Institute (EPI) and SKOPE shows clear divergence in post-16 policy, participation, and outcomes across the UK, including substantial differences in NEET rates: in 2022–23, NEET levels among 16–18-year-olds were 11% in Wales, 8% in England, 9% in Scotland and 5% in Northern Ireland.

Scotland and Wales have placed greater emphasis on early intervention, preventative support, and integrated local partnerships, reflecting their broader youth guarantee models and more stable skills strategies. Analyses of devolved skills policy highlight how Scotland's school-based pathways (e.g., Foundation Apprenticeships) and Wales's post-16 reforms create more joined-up, learner-centred systems, whereas England has experienced significant policy churn, producing a more fragmented landscape.<sup>85</sup>

England's system is heavily shaped by DWP conditionality and work-first approaches, which contrasts with the more holistic, education-led models pursued in the devolved nations. Evidence from comparative UK skills research emphasises the growing policy

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<sup>84</sup> FE NEWS, 2024 - EPI finds stark inequalities in post – 16 education outcomes across the UK - <https://www.fenews.co.uk/skills/epi-finds-stark-inequalities-in-post-16-education-outcomes-across-the-uk/>

<sup>85</sup> Edge Foundation 2025 - A short guide to FE and skills across the four countries of the UK [https://www.edge.co.uk/documents/545/DD1654\\_-\\_Four\\_nations\\_skills\\_guide\\_2025\\_FINAL\\_FINAL.pdf](https://www.edge.co.uk/documents/545/DD1654_-_Four_nations_skills_guide_2025_FINAL_FINAL.pdf)

divergence since devolution and its impact on young people's transitions and outcomes.<sup>86</sup>

Given this landscape, any expanded role for the Department for Work and Pensions (DWP) in skills delivery must respect devolution settlements and avoid imposing centralised conditionality-driven approaches that risk undermining devolved strategies. Recent reforms indicate that the UK Government plans to consolidate adult skills, training, apprenticeships, and Skills England within DWP, with the explicit aim of reducing NEET levels and aligning skills with labour-market activation.<sup>87</sup>

This shift represents a fundamental change in the institutional architecture of skills policy. Parliamentary evidence<sup>88</sup> following the proposed transfer of skills responsibilities to DWP flagged concerns regarding the potential tension between work-first welfare priorities and long-term skills development, especially for young people with complex needs. Witnesses highlighted that NEET levels have risen since the pandemic and that a DWP-led approach could shape the design, focus, and conditionality of youth support.

As Skills England transitions into DWP,<sup>89</sup> the intention is to bring together adult skills and employment support under one department, adopting a more strongly employer-driven model and consolidating delivery levers to reduce fragmentation. This includes ambitions to reduce immigration reliance through enhanced domestic training and to provide a "single authoritative voice" on skills needs.

The TUC takes the view that any role for the Department for Work and Pensions in skills delivery supports Labour's wider objectives: moving away from short-term, work-first approaches and towards a coherent, learner-centred system that enables people to gain the skills they need for secure, well-paid work. Current government white papers emphasise the need for a joined-up skills system that supports progression, lifelong learning and alignment with industrial strategy.<sup>90</sup>

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<sup>86</sup> FE NEWS, 2024 - EPI finds stark inequalities in post – 16 education outcomes across the UK - <https://www.fenews.co.uk/skills/epi-finds-stark-inequalities-in-post-16-education-outcomes-across-the-uk/>

<sup>87</sup> FE week,2026- Skills England moved to DWP from today <https://feweek.co.uk/confirmed-skills-england-moves-to-dwp-from-today/>

<sup>88</sup> HOC – work and pensions committee 2025 - Oral evidence: Young people who are NEET and the transfer of skills to DWP, HC 1520 <https://committees.parliament.uk/oralevidence/16801/pdf/>

<sup>89</sup> Skills England 2025, Building the Skills System Britain needs: Skills England's role in Post-16 Reform <https://skillsengland.blog.gov.uk/2025/11/11/building-the-skills-system-britain-needs-skills-englands-role-in-post-16-reform-by-tessa-griffiths-and-sarah-maclean/>

<sup>90</sup> <https://www.gov.uk/government/publications/post-16-education-and-skills-white-paper/post-16-education-and-skills-white-paper>

## 4 ) Employment and the labour market

- **What are the main barriers to employers supporting young people into employment and how can the Government better work with employers to address these?**

Work readiness is key to entering employment, IPPR analysis found that those aged 18 to 24 were less likely (47 per cent) to agree they felt ready for work when they left education, compared with 60 per cent of those over 26. There are some indications that NEET young people may also have felt less prepared (36 per cent agreeing). Perhaps unsurprisingly, this was lower among NEET young people, with just over one-third (36 per cent) of NEET young people agreeing.<sup>91</sup>

The youth guarantee needs to be ambitious to ensure young people feel ready to enter the world of work and remain in work.

There have been suggestions that minimum wage rises are affecting hiring of young people. Our view is that the minimum wage has a role in supporting the living standards of young workers but is not playing a significant role in determining employment outcomes as young people navigate the transition through education, training and the labour market.

A substantial body of evidence<sup>92</sup> from around the world shows that minimum wages effectively raise pay without leading to job losses. Decades of empirical research have demonstrated this with the findings cementing a new economic consensus around minimum wages. This was recognised by the 2021 Nobel Prize in Economics<sup>93</sup> which was awarded to Card, Angrist and Imbens for their pioneering empirical research that first showed minimum wages did not lead to job losses in the 1990s. The growing evidence in favour of higher minimum wages is reflected in policy approaches in the UK and internationally with minimum wages growing faster than median wages in the OECD between 2005 and 2021.<sup>94</sup>

Although the impacts on earnings tend to be substantial and the impacts on employment are largely insignificant, the evidence on young workers can be slightly more mixed. Some studies find higher minimum wages encourage labour market participation among young workers while others find that young workers are more exposed to employment effects than older workers. The Low Pay Commission (LPC),

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<sup>91</sup> IPPR 2025 – Towards Universal Opportunity for young people - <https://www.ippr.org/articles/towards-universal-opportunity-for-young-people>

<sup>92</sup> Arindrajit Dube (2019) *Impacts of minimum wages: review of the international evidence* <https://www.gov.uk/government/publications/impacts-of-minimum-wages-review-of-the-international-evidence>

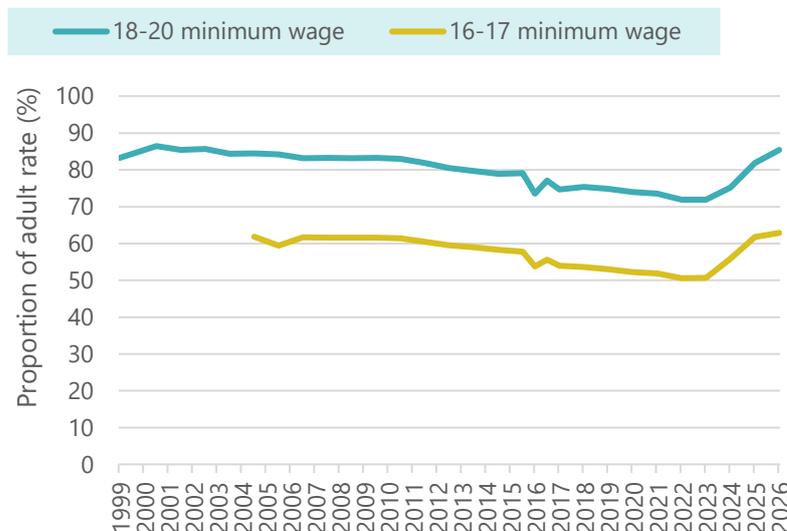
<sup>93</sup> Nobel Prize (2021) *Prize in Economic Sciences* <https://www.nobelprize.org/prizes/economic-sciences/2021/summary/>

<sup>94</sup> OECD (Page accessed 16/01/2026) *Employment protection and minimum wages* <https://www.oecd.org/en/topics/sub-issues/employment-protection-and-minimum-wages.html>

which recommends minimum wage rates in the UK, collate this evidence<sup>95</sup> and ensure it forms the basis of its decision making. We strongly support the role of the LPC in providing expert advice in this area. The LPC model of social partnership and expert decision making has proven itself robust enough to chart a path which protects the pay and employment of the lowest paid workers even under challenging economic circumstances.

Overall, the UK has been taking a cautious approach on youth rates. Until recently the minimum wage for 16-17 and 18–20-year-olds had been *falling* as a proportion of the main rate. This accelerated after the financial crisis and continued until 2023. The rates from April 2026 will be 63 per cent and 85 per cent of the adult rate respectively. Recent increases have been necessary following decline over the preceding two decades. In 2024 the LPC concluded<sup>96</sup> that “the current gap [between youth and adult rates] is large by both historical and international standards and many employer and worker representatives tell us that it is too large.” On the international point, countries such as France, Germany and New Zealand do not have lower youth rates for adults aged 18 and above.

### Minimum wage youth rates as a proportion of the adult rate (%)



There is significant scope to reduce the gap between youth and adult rates and make meaningful progress toward abolishing youth rates in upcoming years. It is important

<sup>95</sup> Low Pay Commission (2019) *A review of the youth rates of the National Minimum Wage*  
[https://assets.publishing.service.gov.uk/media/5dc2cf56ed915d394be4986a/A\\_Review\\_of\\_the\\_Youth\\_Rates\\_of\\_the\\_National\\_Minimum\\_Wage.pdf](https://assets.publishing.service.gov.uk/media/5dc2cf56ed915d394be4986a/A_Review_of_the_Youth_Rates_of_the_National_Minimum_Wage.pdf)

<sup>96</sup> Low Pay Commission (2024) *The National Minimum Wage Beyond 2024*  
[https://assets.publishing.service.gov.uk/media/6603e9009741c5001139dc1a/The\\_National\\_Minimum\\_Wage\\_Beyond\\_2024.pdf](https://assets.publishing.service.gov.uk/media/6603e9009741c5001139dc1a/The_National_Minimum_Wage_Beyond_2024.pdf)

that the youth rates do not become unmoored from the headline rate. The Low Pay Commission's evidence-based, social partnership model is well-placed to guide this process and ensure that decisions are grounded in robust analysis and agreement between unions, employers and experts.

Our experience as trade unions shows that youth rates are not frequently used by employers. Where unions negotiate, they tend to not be in use at all. This can be seen, for example, in the retail sector by looking at the pay policies of supermarkets. Employers are often not attracted to youth rates because they are bureaucratic and tend to be a small cost for a small number of employees. The real cost pressures on many employers are not in this space.

Finally, recent increases should be considered alongside National Insurance (NI) changes which applied downward pressure on the relative cost of hiring young workers. NI and its associated increases only apply to those aged 21 and over. This means the relative cost of hiring younger workers remains low.<sup>97</sup> The LPC finds "that while the relatively large increases in youth rates close the gap with the NLW, the gap in total employment costs stays roughly the same." So recent minimum wage rises have not led to a shift in the relative cost of hiring younger workers.

- **What impact may developments in technologies, such as AI, have on the employment of young people? How should Government respond?**

While still provisional and contested, recent evidence suggests AI is already being deployed by employers with the effect of displacing younger workers. A 2025 study from Kings College London found that firms whose workforces are highly exposed to AI capabilities reduced their total employment by 4.5 per cent on average, with the effect concentrated almost entirely in junior positions, which fell by 5.8 per cent.<sup>98</sup> Morgan Stanley research published in 2026 indicates the UK is losing more jobs to AI than it's creating, and at a faster rate than other large economies.<sup>99</sup> Companies including Klarna<sup>100</sup> and TikTok<sup>101</sup> have reportedly cut thousands of UK jobs with AI playing a role.

There is debate as to whether AI presents a difference to past technological shifts with regards to demand for labour in the short or longer terms. Equally we must pay attention to job qualities, not just quantities.

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<sup>97</sup> Low Pay Commission (2025) *Uprating Report*, page 11.

[https://assets.publishing.service.gov.uk/media/67e6b6b296745eff958ca027/LPC\\_2025\\_Uprating\\_Report.pdf](https://assets.publishing.service.gov.uk/media/67e6b6b296745eff958ca027/LPC_2025_Uprating_Report.pdf)

<sup>98</sup> Kings College London 2025 - New study reveals early impact of AI on job market in UK

<https://www.kcl.ac.uk/news/new-study-reveals-early-impact-of-ai-on-job-market-in-uk>

<sup>99</sup> Bloomberg 2026 - AI Bruises Britain

<https://www.bloomberg.com/news/newsletters/2026-01-26/ai-job-cuts-hit-britain-hardest-morgan-stanley-says>

<sup>100</sup> BBC 2024, <https://www.bbc.co.uk/news/articles/c80e1gp9m9zo>

<sup>101</sup> LBC 2025, [https://www.lbc.co.uk/article/tiktok-boss-defends-ai-content-moderation-5HjdNG7\\_2/](https://www.lbc.co.uk/article/tiktok-boss-defends-ai-content-moderation-5HjdNG7_2/)

Even amid this considerable uncertainty, a range of interventions can support better youth employment. The Government's Youth Guarantee is a positive step.

The TUC's report, *Building a Pro-Worker AI Innovation Strategy*, outlines additional steps government can take to address the harmful labour market impacts of AI.<sup>102</sup> These include:

- **Embedding trade unions in skills policy:** Give unions formal representation in Skills England and all AI/automation-related skills initiatives.
  - **Mandating employer investment in training:** Require increased spending on in-work training for AI and digital technologies, with conditionality on innovation funding.
  - **Incentivising innovation and employment over cost-cutting:** Evaluate how the tax regime can be leveraged effectively to incentivise investment in labour-augmenting rather than displacing AI automation technologies.
  - **Developing AI workforce strategies:** Create sector-specific strategies detailing how each industrial strategy sector will respond to AI's challenges and opportunities.
  - **Leveraging Union Learning Reps:** Utilise the ULR network to deliver AI and digital skills training, potentially through a renewed Union Learning Fund.
  - **Upgrading social security:** Strengthen out-of-work support to match OECD standards and develop contributory benefits to support job transitions and reskilling without financial hardship.
  - **Planning for disruption scenarios:** Prepare adaptive responses for varying levels of AI-driven job displacement.
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- **How can employers be encouraged to invest in Skills training?**

Over the past 14 years, employer investment in skills and training in the UK has fallen sharply, continuing a long-term decline. Latest analyses from the Learning and Work Institute <sup>103</sup> found that employers now invest 36% less per employee than in 2005, with spending per worker dropping from £2,634 to £1,700 in real terms.

Long term workforce planning at industry and sector level is key to delivering better jobs and greater employer investment in skills. Structures need to be in place to enable

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<sup>102</sup> TUC 2025 - Building a pro-worker AI innovation strategy

<https://www.tuc.org.uk/research-analysis/reports/building-pro-worker-ai-innovation-strategy>

<sup>103</sup> Learning and Work institute 2025 - Falling short: Understanding further falls in employer training -

<https://learningandwork.org.uk/falling-short-understanding-further-falls-in-employer-training/>

this, for example, tri-partite structures bringing together unions, government and employers to develop and monitor jobs plans.

Job plans should include clear plans to:

- Deliver on employer investment in skills and job quality, with clear annual targets. Employers should be held to account for delivering against these targets.
- Invest in sectors with job creation potential to deliver more jobs, and ensure these jobs are created across the UK's regions.
- Government should consider the range of tools at its disposal to encourage or require employer investment in skills and job quality.

These could include:

- Procurement requirements around apprenticeships and job quality.
- Ensuring that any flexibility around the growth and skills levy is linked to commitments from employers to increase training and incentivise workforce planning.
- Requirements on employers to publish their spend/commitments on training and apprenticeships [in annual reports].

Trade unions have a wealth of experience in identifying skills needs, and supporting individuals and employers to take up training with high completion rates.

# Annex I: A well-designed Jobs Guarantee

Overall to ensure effective delivery of a Youth Guarantee we believe the following overarching features are needed:

- **A cross governmental approach.** Given the complex nature of the issue and high need of young people there must be a cross-governmental approach, including local authorities, to identifying, preventing and supporting young people at risk of becoming NEET. Identifying those who are at risk of becoming NEET early is vital to reducing numbers.<sup>104</sup> The government must also ensure that there are multiple partners working together on the ground so young people can be referred to relevant services from multiple entry points, and that they are not lost when they leave school.
- **Targeted and personalised support.** Risk factors for becoming NEET vary and some young people will experience multiple compounding factors. All provision must therefore be targeted and personalised and take account of the diverse needs of young people, particularly those at risk of long term worklessness. Research shows that highly individualised support and a central service that can signpost, refer and provides individualised support are vital to success of employment programmes.<sup>105</sup> Job Centre Plus Work Coaches should receive support to make sure they are able to signpost and are aware of the full range of services available to young people. PCS have set out how Work Coaches would be better able to support people including having a national network of offices in every town and city.<sup>106</sup>
- **Informed by the voices of young people and trade unions.** Trade unions will be able to provide unique insight on the connection between training and employment, the skills needed for the labour market and what good quality employment looks like, which is essential to a successful Youth Guarantee. In European countries where social dialogue is a common objective, unions have played a key role in support for young people. The voices of young people and trade unions must inform the operation of the Guarantee as it is rolled out.

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<sup>104</sup> Learning and Work Institute. (2023, October). *The Young Person's Guarantee*.

<https://learningandwork.org.uk/resources/research-and-reports/the-young-persons-guarantee/>

<sup>105</sup> Ibid

<sup>106</sup> Public and Commercial Services (PCS) Union. (2025). *Reforming jobcentres: Written evidence submitted by the Public and Commercial Services (PCS) union (RJ0069)*. UK Parliament.

<https://committees.parliament.uk/writtenevidence/138448/pdf/>

- **Ring fenced funding.** The Guarantee should receive a ring fenced centrally funded budget to be delivered locally.

## **A jobs guarantee**

The following outline is from the TUC report 'An ambitious plan for young people', which includes the methodology for our cost-benefit analysis.<sup>107</sup>

### *Target group*

The government's job guarantee scheme is for 18–21-year-olds who have been on Universal Credit for 18 months. Given evidence above that demonstrates higher NEET rates amongst 21–23-year-olds, we believe the age range should be expanded to 18–24. In addition, we believe there needs to be early access for those furthest from the labour market as the longer young people are out of the labour market, the more difficult it may be to reintegrate them. In addition, given that just under half (48 per cent) of NEET young people receive any form of social security, criteria based solely on Universal Credit claims will fail to reach some of the most at risk members of the target group.<sup>108</sup>

### *Job criteria*

Our assessment is that job placements should:

- provide six months of employment paid at the national minimum wage, or the union negotiated rate for that job.
- be additional. This means the money should only be used to create jobs that would not have been created in the absence of a scheme, ensuring that job guarantee participants are not replacing existing workers. Assessment panels like the FJF could be put in place to ensure this.
- provide community, public benefit and/or help decarbonise.
- meet local labour market needs to ensure sustainability of skills and experience. This means the ability for the money to be used to create jobs in sectors which correspond with regional or local economic plans.
- be designed to ensure the worker gets experience that will better equip them to move into permanent work in the open labour market.
- include quality training that puts workers on a pathway to a Level 3 qualification.

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<sup>107</sup> <https://www.tuc.org.uk/research-analysis/reports/ambitious-plan-young-people>

<sup>108</sup> Youth Futures Foundation. (2025, February). *Trends in young people not in education, employment or training (October – December 2024)* <https://youthfuturesfoundation.org/publication/trends-in-young-people-not-in-education-employment-or-training-2021-2024/>

- promote and protect equality and be free from discrimination and harassment.
- adhere to health and safety law.
- ensure access to trade unions. The person should be informed of their right to join a union but also recognised trade unions must be informed of use of scheme and involved in design of positions in workplaces.
- have clear minimum standards for quality, for example standard job descriptions and the same terms and conditions as other employees in similar roles. This should have a particular focus on fair scheduling practices that minimise hours volatility and support workers to have some input into their shift patterns and access to flexible working options. These could be developed in line with forthcoming new ERA rights.
- have a sustainability route for example the placement could transition into an apprenticeship, or the person be guaranteed a job interview at the end. For employers this is an option to target the areas where a skilled workforce will be needed in the future.

These criteria are based on the success of the FJF and evidence on what works in good job guarantee schemes and believe the government should ensure these are met in the design of the scheme and placements. The quality of experience is vital if we want young people to stay in for the full 6 months and then go on to future opportunities.

### *Regional allocations*

We propose that placements are allocated across regions reflecting the regions with the highest proportion of NEETs.

### *Equality measures*

As we set out above, many young people who are NEET are disabled. But evidence suggests that previous schemes such as Kickstart were less effective for young disabled people as almost half (47 per cent) of young people with a health condition left their placement without completing the full six months.<sup>109</sup> Given the high number of young disabled people with health conditions who are NEET, it is essential that placements are accessible and employers are aware of their duties under the Equality Act 2010. To ensure that those most in need are accessing the scheme, the following equality measures should be put in place.

- Jobs should be offered on part time basis but with the same number of equivalent hours.

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<sup>109</sup> Department for Work and Pensions. (2023, July). *Kickstart Scheme: Process evaluation*. <https://assets.publishing.service.gov.uk/media/64ae8a56c033c100108060f2/kickstart-evaluation-process-evaluation.pdf>

- All participants in the scheme should be offered ongoing Work Coach support from the Department for Work and Pensions. This will ensure they can access any further support during the placement and have regular check-ins.<sup>110</sup>
- The scheme should include a one-off discretionary support into work payment to cover the upfront costs of employment i.e. new clothes, childcare or travel.
- Employers should have fast track access to Access to Work to increase disabled young people's access to jobs.
- Employers should be required to respond rapidly to requests for reasonable adjustments – ideally within two weeks. Considering the short-term nature of placements, it would be advantageous for employers and young disabled people to have agreed reasonable adjustments before a placement starts. For the government to achieve its aims systems must be put in place to ensure reasonable adjustments are put in place as soon as is possible. The TUC also recommends using reasonable adjustment passports.<sup>111</sup>
- There should be monitoring of take up at a local level to ensure that those with protected characteristics have equal access to the scheme and that action can be taken if there is evidence that particular groups are disproportionately missing out – this is particularly important for BME groups.

### *Training measures*

For the individual, the job guarantee needs to come with an entitlement to government funded learning with all participating workers taking an initial assessment to explore where their specific upskilling needs are, and what pathway they could look to continue on following the placement with an aim to achieve a Level 3 qualification subsequently. The minimum time spent in learning should be 20 per cent of working time, mirroring the apprenticeship programmes' entitlement.

There must also be clear guidance on what training needs to take place and how this will be evidenced to assess quality. Training should go beyond CV and employability support and should put participants on a pathway to at least a Level 3 qualification, if they do not already have it.

As mentioned above, given the high need of some young people, all young people in the scheme should have ongoing access to a Work Coach who can support with signposting to additional training and support. This would help address the risk of drop-out and ensure the burden to provide additional support does not just fall on the employer.

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<sup>110</sup> Department for Work and Pensions. (2025, March 6). *Government bolsters employment support to unlock work for sick and disabled people*. GOV.UK. <https://www.gov.uk/government/news/government-bolsters-employment-support-to-unlock-work-for-sick-and-disabled-people>

<sup>111</sup> Trades Union Congress (TUC). (2025, March 6). *Reasonable adjustments disability passports*. Retrieved from <https://www.tuc.org.uk/reasonable-adjustments-disability-passports>

### *Cost and benefits*

Whilst the upfront investment for a scheme would be significant, TUC analysis shows that this policy would more than pay for itself over the longer term.

Our modelling shows that the programme has a benefit-cost ratio of 2.8 - over time every £1,000 of (net) government spending on the programme would generate £2,810 of net revenue for the Exchequer – based on the government’s own approach to cost benefit appraisal.<sup>112</sup> With these outcomes assessed over 30 years, the scheme hits breakeven within a decade. Given the caution we have taken in assessing the scheme’s impacts, outcomes and long-run benefits of the scheme could well be higher.

We recommend that the government provides a minimum of 100,000 job guarantee placements over a two-year period. Table 1 shows the benefits and costs for up to 300,000 placements based on modest estimates (including that 10 per cent of participants go on to long-term employment).

**Table 1: Overall results - real terms - in 2025/26 prices in £m**

Number of 18–24-year-olds in the wage subsidy programme	100,000	200,000	300,000
Total net short run costs (£m)	1,032	2,064	3,097
Long run benefits (30-year time frame)			
Reduced public service costs (£m)	706	1,413	2,119
Increased tax and reduced social security payments (£m)	2,198	4,395	6,593
Total long-run benefits (£m)	2,904	5,808	8,712
<b>Benefit-cost ratio</b>	2.81	2.81	2.81

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<sup>112</sup> Treasury (2022)– The Green Book - <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020#valuation-of-costs-and-benefits#>