

Tackling the UK's youth NEET Crisis

Lauren Mistry FIEP, Youth Employment UK;
Helen Tupper, Squiggly Careers and Tier
Blundell, Excluded from School.

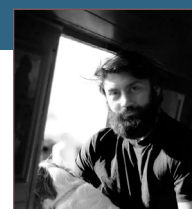
Westminster



Lauren Mistry FIEP



Helen Tupper



Tier Blundell

Introduction

The number of young people who are not in education, employment, or training (NEET) has now surpassed one million, reaching its highest level since the financial crisis and prompting renewed concern over the long-term implications for economic growth, workforce participation, and social mobility.

Sir Alan Milburn's Young People and Work Review, published in May, warns that, without urgent action, the UK risks creating a "lost generation". Structural barriers, including poor mental health, socioeconomic disadvantage, limited work experience and narrowing pathways into employment, are preventing many young people from reaching their potential. More worryingly, entry-level opportunities have declined significantly for marginalised individuals. Six in ten NEET youth do not have any history of formal employment.

Against this backdrop, the Group convened employers, workplace wellbeing experts and youth employment specialists to explore the role employers can play in tackling the UK's youth employment and training challenge. While participants recognised the intense economic pressures and thin margins businesses are currently dealing with, there was broad agreement that collaboration between employers, education providers and government is central to creating meaningful pathways into work.

Key takeaways

Recruiting for potential, not just previous experience

- The UK's youth employment challenge is fundamentally not driven by a lack of raw ambition among young candidates, but by a rigid labour market that prioritises previous experience over future capability.
- Young people frequently find themselves trapped in a vicious cycle. They cannot secure a role because they lack formal work experience, yet they cannot gain experience without first being granted an initial opportunity.
- Over half of NEET individuals grew up in poverty. Candidates from free school meal backgrounds are known to suffer a permanent 10% deficit in professional confidence.
- Continuous rejection combined with a lack of constructive feedback severely undermines early confidence, driving specific demographics to prematurely withdraw from application processes entirely.
- Employers are urged to shift recruitment metrics toward baseline aptitude, adaptability, and a willingness to learn, acknowledging that workplace capability is a skill developed through employment rather than prior to it.
- "We are at risk of mistaking low confidence and low participation with low motivation to work."

Career pathways through structured, early workplace exposure

- Early workplace exposure serves as one of the most effective structural interventions for reducing long-term economic inactivity and disengagement among young people.
- Data reveals that opportunities for structured work experience have drastically declined, with recent figures showing only around 36% of education-age youth currently have access to structured placements.
- Isolation from the workforce is compounding, as current metrics show that 1 in 10 young people are completely disengaged from any extracurricular enrichment or activities outside of traditional school systems.
- Businesses of all sizes must be supported to offer internships, apprenticeships, and flexible early career programs to safely accustom youth to multi-generational professional environments.
- Low-barrier exposure allows young workers to learn how to manage workplace friction, navigate professional boundaries, and see a tangible future for themselves within local industries.
- "If there was one free activity that employers would be able to do, it's to offer work experience. I'm not sure why we aren't making it easier for SMEs to engage."

Elevate human skills and onboard supportive, coaching-led management

- Artificial intelligence is fundamentally altering the entry-level labour market by rapidly automating routine administrative work that historically served as a critical entry point into organisations.
- The bottom rungs of the traditional career ladder risk disappearing unless employers intentionally design alternative onboarding pathways focused on long-term development.
- Human qualities such as communication, adaptability, philosophical thinking, creativity, and emotional intelligence are becoming significantly more valuable than static technical capabilities.
- Organisations must actively retrain their supervisory layers. Up to two-thirds of young workers under 30 do not want to step into management due to viewing it as a thankless, punitive role.
- Managers must move away from functioning as rigid administrative gatekeepers and instead pivot to acting as professional coaches who can actively foster motivation and psychological safety.
- "Rather than acting as the 'yes-no' gateway to growth, they need to be coaches who help young people navigate different experiences, opportunities and career paths."

Tackling structural barriers through stronger collaboration

- Resolving youth economic inactivity requires deeply coordinated policy action across employers, the education sector, government agencies and localised voluntary networks.
- While macro-level state initiatives like the Youth Jobs Guarantee are welcomed, their funding remains highly unequal and fails to reach vulnerable young people living outside of major combined authority areas.
- Serious structural barriers emerge years before labour market entry, driven by inconsistent funding, uneven access to professional careers guidance and the complete isolation of regional school systems.
- Building robust, hyper-local partnerships between schools and regional businesses ensures that training curricula are directly aligned with evolving industrial needs and emerging technologies.
- Policymakers must focus on systematically de-risking the hiring process for small and medium-sized enterprises (SMEs) so that backing unproven local talent does not conflict with immediate commercial survival.

Issues raised

Punitive educational practices and the exclusionary cycle

Educational exclusion severely disrupts the transition into employment, **given that nearly a third (29%) of NEET individuals have faced school suspension or permanent exclusion**. Punitive, sanctions-based school environments often induce anxiety-based avoidance, shattering a young person's trust in institutional structures before they even reach working age. Furthermore, alternative provisions rarely offer equal academic opportunities, creating severe structural barriers. 1% of children in pupil referral units leave with a passing grade in English or mathematics, bringing them down and rendering them unavailable for standard apprenticeships.

Macroeconomic risk aversion facing under-pressured employers

While participants emphasised that employers hold the key to unlocking youth opportunity, businesses are operating under severe macroeconomic pressures. Rising operational costs, commercial uncertainty, and tightening margins mean organisations are becoming highly risk-averse. Many small and medium-sized enterprises (SMEs) lack the financial headroom or managerial capacity to guide an unproven worker through their first six months. This induces a short-term focus on the corporate bottom line rather than long-term workforce development. "Every investment decision that they're making at the moment is absolutely crucial".

Algorithmic recruitment barriers and disengagement

Current recruitment practices unintentionally alienate early-career applicants through a total reliance on automated application tracking systems and artificial intelligence. Young candidates facing complex socioeconomic or mental health barriers are frequently weeded out instantly by algorithms without a human ever reviewing their CV. This faceless, automated rejection combined with a complete absence of a feedback loop reinforces intense feelings of personal failure and anxiety. Applicants are often too demoralised to continue seeking opportunities, leading to the dangerous reality where young people believe "there won't be jobs for them".

Recommendations

- Expand access to work experience, internships, and apprenticeships for disadvantaged young people.
- Strengthen partnerships between employers, schools, colleges, and local authorities to ensure young people receive meaningful careers education, employer engagement, and exposure to the workplace from an early age.
- Provide targeted support and incentives for SMEs to recruit and develop young people.
- Equip line managers with the skills to coach, develop, and support young people entering work.
- Increase transparency, human oversight, and feedback in AI-enabled recruitment processes.
- Improve access to joined-up mental health, wellbeing, and employment support.

- Embed employability skills, workplace behaviours, and employer engagement throughout education.
- Shift from punitive exclusions towards restorative practices that support long-term employability.

Links

- [Interim report](#) of Sir Alan Milburn's Young People and Work Review
- Institute for the Future of Work, '[From Classroom to Career: Youth Unemployment as a Structural Challenge](#)'
- The Sutton Trust, '[The Opportunity Index](#)'
- Daily Mirror [op-ed](#) by Big Issue founder Lord John Bird – see Big Issue coverage, '[Young people are just as keen to work](#)'
- Youth Employment UK, '[The Need for Accessible Opportunities for All Young People](#)'

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secretariat@plgworkplacewellbeing.org