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The UK's Growing NEET Problem

— Risks for UK growth and Public Finances if NEET Numbers Continue to Rise —

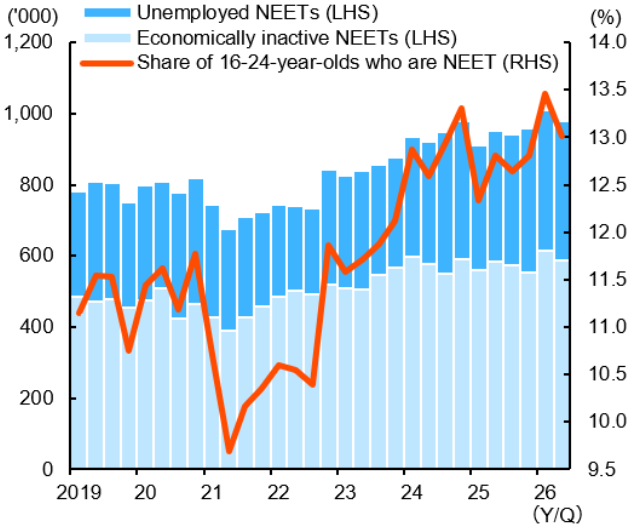
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This is an English version of the Japanese report "英国で深刻化するニート問題 ― 増加が続けば、英国経済・財政を一段と圧迫するリスク ―" published on October 5, 2026. (The original version is available at https://www.jri.co.jp/MediaLibrary/file/report/research/pdf/17029.pdf)

In the UK, the number of NEETs – young people (aged 16 to 24 years) who are not in education, employment or training – has grown in recent years and stood at around one million in Q2 2026 (Figure 1). 13 % of young people in the UK, or around one in eight, are now NEET.

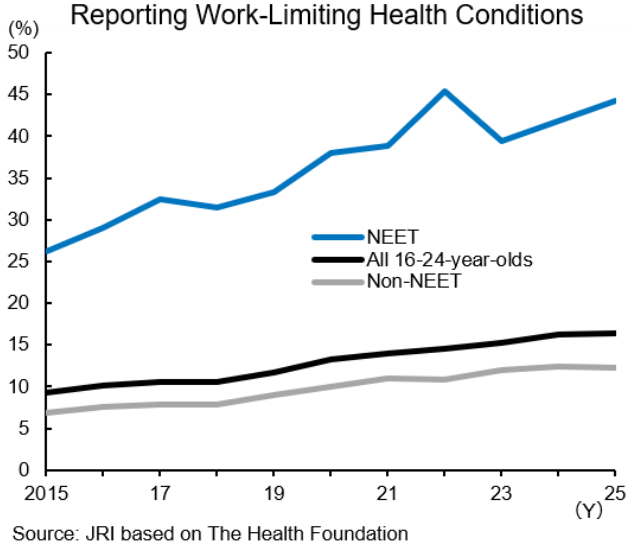
Two main factors lie behind the increase in NEETs. First, the number of young people with health conditions has increased. The share of NEETs reporting work-limiting health conditions rose from 26% in 2015 to 44% in 2025 (Figure 2). Mental health problems are a key driver of this trend.

Figure 1. Number of NEETs in the UK



Source: JRI based on ONS

Figure 2. Proportion of Young People in the UK Reporting Work-Limiting Health Conditions



Source: JRI based on The Health Foundation

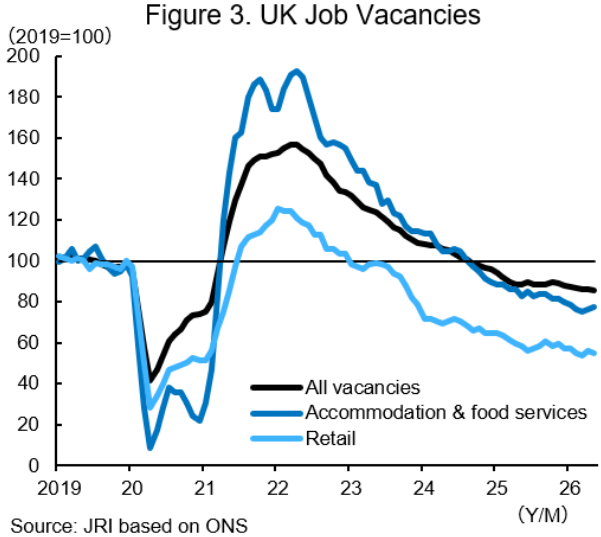
Second, the employment environment for young people has worsened. The unemployment rate for 16- to 24-year-olds has increased to a level greater than its peak during the coronavirus pandemic. With firms holding back on new hiring, industries which have traditionally employed many young people, such as retail and

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accommodation and food services, have seen job vacancies fall (Figure 3). Increases in minimum wages may have also put some firms off hiring young people. The government has in recent years increased minimum wages more sharply for younger age groups, likely increasing the cost of hiring young people (Figure 4).

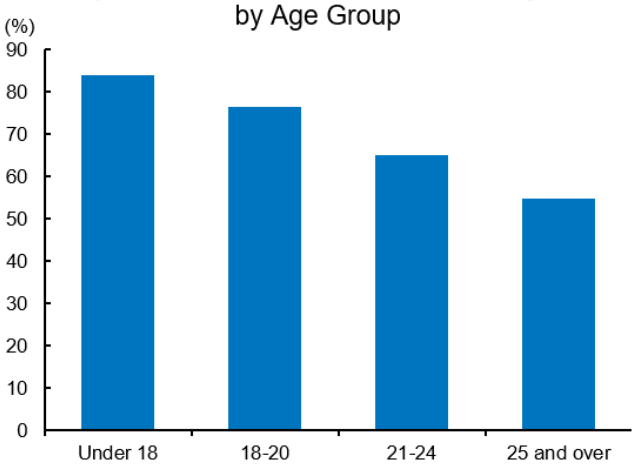
The increase in young people who are NEET is already having a negative impact on the UK economy and public finances. According to the interim report published by the government-commissioned Milburn Review, the loss to UK GDP from NEETs not being in work is equivalent to £38 billion annually. The cost to the taxpayer from foregone tax revenues and additional expenditure on benefits and healthcare is estimated at £6.6 billion annually. If the number of NEETs continues to rise and their periods out of education, employment and training become more prolonged, the UK's growth potential could decline, and public finances worsen further due to lost tax revenues and increased welfare spending.

Figure 3. UK Job Vacancies



Source: JRI based on ONS
Note: 3-month moving average.

Figure 4. Increase in UK Minimum Wages by Age Group



Source: JRI based on UK Government website
Note: Overall increase from FY 2019 to FY 2026.

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