



# Young People and Work

## Introduction

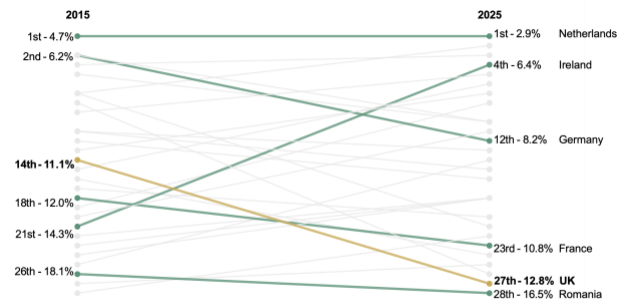
The interim report of the Milburn review into young people not in education, employment or training (NEET) has highlighted the growing number of young people falling into this category. In this briefing, we review the evidence, including whether the analysis applies to Scotland, where many of the potential solutions are devolved.

## Milburn Review

The former UK Labour government minister Alan Milburn was asked to conduct an independent review of the drivers of youth economic inactivity, with a particular focus on young people with health conditions and disabilities. He has published an [interim report](#) analysing the problems, with the intention of setting out what a coherent participation system for early adulthood might look like in his final report later this year.

The headline numbers in the report point to nearly one million young people aged 16 to 24 in the United Kingdom who are not in education, employment or training. One in 8 young people, and rising. 60% of these are economically inactive, meaning they are not seeking work. 6 in 10 young people who are NEET today have never had a job, up from 4 in 10 in 2005.

due to a work-limiting health condition has increased by 70%. The proportion of disabled NEETs citing mental health as their primary condition has almost doubled to more than four in ten. With a falling youth share of the labour market, this is now an interlocked health, disability and participation issue. The UK now sits above the average youth NEET rate for high-income countries, the EU and the OECD. In 2025, the EU average for 15 to 24-year-olds was 9%, compared with 12.8% for 16- to 24-year-olds in the UK.

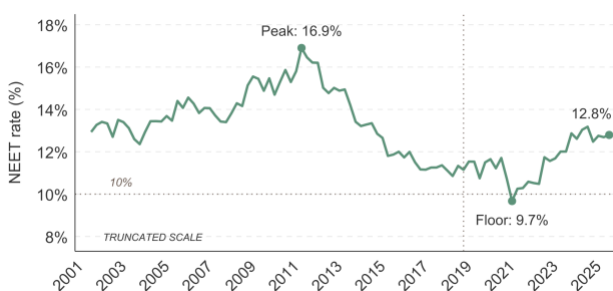


Milburn argues that the school and college system does not treat labour market participation as a core objective, and this is even more the case for the health system. He also points to the welfare system as a safety net rather than a springboard. He concludes that young people are not to blame. Institutions that should have provided them with opportunities are the ones that have failed.

## Scotland

Milburn notes the range of devolved competences around the welfare system, health and education. One of his case studies highlights the problems facing a graduate in the Highlands. He also points to Scottish evidence on the high level of ADHD exclusions and poor [transitions](#) into secondary school. He highlights the higher level of [apprenticeship](#) starts in Scotland, double that in England, and the benefits of the Educational Maintenance Allowance and welfare payments.

Scotland has a 16+ [participation portal](#) that aims to assist young people. The health challenges facing NEET young people are unlikely to differ from those in the rest of the UK. Research [found](#) that over 40% of NEETs in Scotland have been admitted into hospital, while over 30% have been prescribed antidepressant and anti-anxiety drugs.

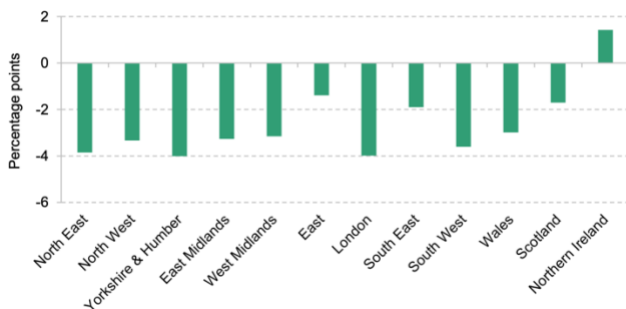


He argues that every month a young person spends detached from education or work adds cost to them and the economy. The cumulative annual cost is £125 billion. That is more than is spent on education each year. It is also a class issue, with young people from lower working-class backgrounds recording a NEET rate of 22%, compared with 9% for those from higher professional backgrounds.

He highlights health as a key issue. Over the past decade, the proportion who say they are NEET

Comparing NEET data is challenging because the Scottish Government uses a [different](#) participation [measure](#) (and avoids NEET) that covers only 16-19-year-olds. You would expect younger age groups to have higher participation rates, but while the overall rate is relatively high at 93.3%, it drops to 87.4% for 19-year-olds. The IFS [examined](#) data across the UK, highlighting challenges in Scotland and concluding that inactivity-related benefits accounted for a larger share of the increase in Northern regions, and in Wales and Scotland. Apprenticeship rates in Scotland have recently [fallen](#), although still higher than in England.

Figure 7. Change in PAYE employment rate by region, 2022 to 2025, 18- to 24-year-olds



Scottish local labour markets are also complex, as a recent JRF/FAI [analysis](#) shows. Getting parents into good work is also crucial to tackling child poverty and helping the next generation avoid becoming NEETs. So, while we are doing some things better, this remains a huge challenge for Scotland, and many of the solutions will fall to the Scottish Parliament to address.

### Reaction to the Milburn Review

There has been a predictable, if inaccurate, [response](#) from employer organisations. They cite higher national insurance rates, increases in the minimum wage and employment protections. This overlooks the fact that this issue predates any of these policy interventions. The IFS also found no clear evidence that higher minimum wages have been a 'major driver' of young people becoming NEETs, and most young adults aged 18–20 are largely exempt from employer National Insurance.

The report has also sparked [debate](#) about the influence of social media and AI on the job market, particularly for entry-level jobs. This is an issue the TUC has [highlighted](#), along with regional labour market inequalities, insecure work, disruption to skills pathways and rising ill health. Blaming benefits doesn't [hold up](#), as 4-in-10 NEETs don't claim benefits, and those who do have remained stable for years.

### Policy solutions

While there is consensus on the challenges posed by an increasing NEET cohort for young people and the economy, the solutions are likely to be

more contentious. European comparisons [point to](#) a combination of education and work.

The Jimmy Reid Foundation highlighted many of these issues in our [joint paper](#) with Scottish Hazards, 'Tackling the causes of working-age ill health'. We recommended action on workplace ill-health and health inequalities in society. We have also [reported](#) on the limited progress of the Scottish Government's Fair Work initiative and the importance of developing the local economy by [focusing](#) on communities of place. The [reform](#) of further education is also crucial, based on a return to a public-service focus with collaboration rather than competition.

Sadly, the UK Mayfield Review [recommendations](#) fell far short of the measures needed to achieve meaningful change. Having correctly diagnosed the problem, their market-led recommendations are simply a hope that employers will change their ways. There is a legitimate concern that the final report of the Milburn review will fall into the same trap. The [appointment](#) of a retail boss as an advisor is not encouraging.

There are some positive UK Government measures, including the [WorkWell](#) programme, which is being rolled out across England. The TUC points to the need to expand the jobs guarantee for young people, improve the quality of work experiences, and reform apprenticeships and education. Together with a supportive welfare system.

We also need to examine what European countries are doing to achieve much lower NEET rates. The Dutch [approach](#) revolves around three pillars: vocational education, a welfare safety net prioritising engagement and rehabilitation, and financial incentives that make it worthwhile for businesses to hire young workers.

### Conclusion

Identifying the problem is an essential first step, but it's always easier than reaching a consensus on the solutions. The Milburn review has identified not just a crisis for young people - it is a crisis for our whole society. It will require a whole-scale system change, not just tinkering at the edges of the welfare system, education, or work.

### Jimmy Reid Foundation

The Jimmy Reid Foundation is a think tank which brings together different voices from across Scotland to make the case for economic, environmental, political and social equity and justice in Scotland and further afield.

<https://reidfoundation.scot>

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