# UK risks losing a generation unless urgent action supports young workers, warns BCC



Business leaders in the UK have issued warnings that the country risks fostering a "lost generation" unless urgent steps are taken to prevent young people from disengaging from the workforce. The British Chambers of Commerce (BCC) highlighted growing concerns that nearly one million individuals aged between 16 and 24 are currently classified as not in education, employment, or training (NEET), a demographic trend that threatens to undermine the development of new talent as the UK’s population continues to age.

These concerns are based on data that, while partially derived from the Office for National Statistics’ labour market survey—known to be imprecise—are reinforced by tax record analyses. These data indicate that in recent months, jobs accessible to younger workers have been disproportionately affected amidst rising labour costs and economic uncertainty, which have dampened hiring rates.

Upcoming figures from job search platform Adzuna, set to be released on Monday, are expected to reveal that vacancies for new graduates have dropped to a two-year low as of March. This decline comes despite an overall recovery in hiring following the downturn triggered by employer tax increases introduced in the Budget last October by Chancellor Rachel Reeves.

Shevaun Haviland, Director-General of the BCC business group, explained the challenges facing Generation Z, defined broadly as those born between 1997 and 2012. She said that this group faces higher entry barriers into employment alongside a shrinking number of vacancies. The BCC’s recent report draws attention to the fact that one quarter of NEET individuals want to work but are unable to do so due in large part to mental health issues.

“The longer we leave this pool of talent to drift away from the workplace the harder it becomes for them to engage,” Haviland told the Financial Times. “Unless more comprehensive action is taken a whole generation is at risk of being cut loose from society.”

Business representatives also expressed apprehension about being expected to bear the costs associated with hiring, training, and supporting young workers, whom they sometimes view as high-risk hires. These concerns are compounded by upcoming legislative reforms aimed at strengthening workers’ rights, which businesses fear may make terminating new recruits more difficult.

In response, the government has announced welfare reforms designed to support young people, particularly those dealing with mental health challenges. These reforms include cuts to disability benefits and an expansion of back-to-work support. Sir Charlie Mayfield, former CEO of retailer John Lewis and tasked by ministers with enhancing employment outcomes for ill and disabled individuals, is due to publish detailed policy recommendations in the autumn. In preliminary work, Mayfield noted that employers often find it more cost-effective to replace sick workers rather than investing in measures to retain them.

The BCC has called on the government to avoid imposing additional costs, risks, or restrictions on employers through workers’ rights reforms that are currently under parliamentary consideration. The organisation is advocating for increased public spending on mental health services and further education, alongside improved collaboration across Whitehall departments.

Specifically, the BCC urges ministers to prevent social care demands from encroaching upon local authority budgets designated for skills development and to offer subsidies incentivising employers to provide work placements or to hire NEET young people who lack formal qualifications. The report also proposes tax incentives for businesses that provide workplace health services, coupled with possible requirements for larger firms to publicly disclose information about their health provision.

Moreover, employers are encouraged to adopt flexible working arrangements and to train line managers in supporting young employees who may be vulnerable to disengagement.

The Department for Work and Pensions affirmed that ministers are “determined that no young person gets left behind,” highlighting efforts to expand mental health services, reform jobcentres, and implement a Youth Guarantee—aimed at providing all 18- to 21-year-olds with access to apprenticeships, training, or job support. However, the BCC report emphasised that details regarding the delivery and funding of the Youth Guarantee, including its initial operation in eight “trailblazer” areas, remain unclear.

The ongoing dialogue between government and business stakeholders underscores the complexity of addressing youth unemployment and underemployment, particularly in an economic environment challenged by rising costs and legislative changes affecting labour markets.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://explore-education-statistics.service.gov.uk/find-statistics/neet-statistics-annual-brief> - This URL provides data on the number of young people aged 16-24 who are not in education, employment, or training (NEET) in England, supporting the claim that nearly one million are classified as NEET in the UK. The site also discusses the increase in NEET rates and gender disparities.
2. <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/bulletins/youngpeoplenotineducationemploymentortrainingneet/previousreleases> - This Office for National Statistics page offers historical data on young people not in education, employment, or training (NEET) across different age groups and genders in the UK, corroborating concerns about rising NEET figures.
3. <https://www.statista.com/statistics/282058/number-of-people-who-are-neet-uk/> - This Statista page provides information on the number of young people in the UK who are NEET, supporting the claim that nearly one million are in this category. It also offers a historical perspective on NEET figures.
4. <https://www.gov.uk/government/collections/statistics-neet> - This government webpage collects statistics on NEET individuals and participation rates among young people in the UK. It supports the discussion around the challenges and trends related to youth not in education, employment, or training.
5. <https://data.youthfuturesfoundation.org/dashboard/neet/> - This Youth Futures Foundation dashboard provides detailed data on NEET rates, including gender-specific figures, which corroborates the trend of higher NEET rates among young men compared to young women.
6. <https://www.noahwire.com> - This source, while not specifically detailed in terms of NEET statistics, represents the platform where concerns about young people disengaging from the workforce were highlighted by business leaders, contributing to the broader discussion on this issue.
7. <https://www.ft.com/content/6a1c4853-d827-4a15-9431-0f899f38dcd7> - Please view link - unable to able to access data