# Youth unemployment soars under Labour amidst rising welfare dependence and policy criticisms



Labour has come under heavy criticism for presiding over what some are calling an epidemic of youth unemployment in the UK, with the number of under-30s claiming out-of-work benefits reaching a record high of 1.08 million. According to a report by the Centre for Social Justice (CSJ), more than 2,000 young people are signing on to welfare benefits each day, marking an increase of 66,000 claimants since Sir Keir Starmer’s election as Labour leader in July 2024. The report suggests that young people risk being "locked out" of the workforce, increasingly reliant on benefits due to limited job opportunities and broader economic challenges. Critics have pointed to rising taxes under Labour, including increased national insurance contributions for employers, as a contributing factor to job losses—particularly in sectors like hospitality, which traditionally offer entry-level roles for young people. The CSJ also notes a net loss of approximately 150,000 jobs within just one year under Labour’s government, fueling concerns about a growing welfare dependency crisis among young Britons.

Tory MPs have been vocal in blaming Labour policies for the rise in youth unemployment, which recent figures show has reached over 14%. They argue that tax hikes are discouraging businesses from hiring young workers, thereby drying up opportunities essential to kick-starting careers. Labour’s tenure has coincided with accelerating technological shifts, such as the rise of artificial intelligence tools like ChatGPT, which have reportedly contributed to a one-third drop in new entry-level job openings since late 2022. The CSJ also highlights competition from low-skill migrant workers filling roles once typically held by young Britons, recommending that employers be mandated to advertise jobs to domestic workers before seeking overseas candidates. Sir Iain Duncan Smith, former Work and Pensions Secretary, warned in the report that current welfare policies are creating severe "disincentives to work," risking a "wasted generation" trapped in benefit dependency rather than gaining employment and independence.

Government figures show that eight million adults currently receive Universal Credit, which supports both low-income employed individuals and those unable to work. Notably, 3.7 million claimants now receive benefits with "no work requirements," up by one million in just a year—a trend that has pushed the welfare bill toward an expected £100 billion by 2030, roughly twice the size of the UK’s defence budget. The Government faces a complex challenge: while some benefits remain unclaimed—amounting to an estimated £24 billion—many vulnerable young people seem unable to transition out of economic inactivity. The Prime Minister had been compelled earlier this year to abandon planned welfare reforms designed to save £5 billion annually amid opposition from Labour MPs, instead opting for measures that critics argue may actually increase welfare costs.

The Trades Union Congress (TUC) corroborates the growing crisis, highlighting nearly one million young people aged 16 to 24 who are classified as NEET (not in education, employment, or training). The TUC attributes this rise to pandemic-related disruptions, cuts to youth services, and increasing mental health issues, which have left many young people disengaged from the labour market. Unlike previous recessions, many of today's NEET youth are not actively seeking work, placing them at risk of long-term social and economic exclusion. The TUC has called for a £1 billion annual "jobs guarantee" programme to provide subsidised placements for 100,000 young people each year, aiming to bridge the gap between youth and employment opportunities.

Government efforts to mitigate the problem include a £45 million investment in a "Youth Guarantee" pilot scheme and £3.8 billion allocated to employment support and expanded mental health services. However, experts argue these measures fall short of the scale of the crisis. The Employment Minister, Alison McGovern, has voiced concern about the lasting impacts of Covid-19 on young people's education and job prospects, especially for those from disadvantaged backgrounds. Research from charities like Impetus reveals that young people facing multiple disadvantages are significantly more likely to be NEET, underscoring the need for more rapid and targeted interventions.

In the broader context, recent Office for National Statistics data indicate that youth unemployment (ages 16-24) rose to 14.2% between May and July 2024, with notable increases in both unemployment and economic inactivity rates. University graduates are also reporting difficulty finding appropriate employment, often resorting to minimum wage jobs unrelated to their qualifications. This trend fuels concerns about a long-term underutilisation of youth potential and perpetuates cycles of poverty and social exclusion.

Labour’s shadow welfare secretary, Helen Whately, lamented the situation as an "epidemic of worklessness," blaming the current government for “condemning a whole generation to life on benefits.” Meanwhile, critics from Reform UK warn that young people are being “left to rot,” decrying a shift away from the UK’s traditional identity as a nation of workers. Amid these stark warnings, the CSJ’s policy director Joe Shalam stressed the moral and economic urgency of addressing youth joblessness, warning that without bold welfare reforms, the country risks "writing off a generation."

In response, a Government spokesperson reaffirmed their commitment to improving youth skills and employment support, emphasising ongoing reforms to rebalance Universal Credit and tackle disincentives to work. However, the scale and complexity of the youth unemployment crisis demand sustained, multi-faceted approaches, combining welfare reform, mental health support, improved education-to-employment pathways, and targeted job creation initiatives to prevent long-term damage to young people’s futures.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/news/article-15095679/Rachel-Reeves-Labour-unemployment-epidemic.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.centreforsocialjustice.org.uk/newsroom/welfare-pays-more), [[7]](https://www.theguardian.com/uk-news/article/2024/sep/10/peoples-futures-on-the-line-amid-surge-in-youth-unemployment-unions-warn)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/news/article-15095679/Rachel-Reeves-Labour-unemployment-epidemic.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.centreforsocialjustice.org.uk/newsroom/welfare-pays-more)
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* Paragraph 4 – [[1]](https://www.dailymail.co.uk/news/article-15095679/Rachel-Reeves-Labour-unemployment-epidemic.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[7]](https://www.theguardian.com/uk-news/article/2024/sep/10/peoples-futures-on-the-line-amid-surge-in-youth-unemployment-unions-warn)
* Paragraph 5 – [[2]](https://www.ft.com/content/f04de7a3-64d4-48c0-bc11-a7b4bf5f3560), [[6]](https://www.tuc.org.uk/research-analysis/reports/ambitious-plan-young-people)
* Paragraph 6 – [[1]](https://www.dailymail.co.uk/news/article-15095679/Rachel-Reeves-Labour-unemployment-epidemic.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.ft.com/content/005d4635-d236-489a-9392-cff8b29f66bb), [[5]](https://www.ft.com/content/4b5d3da2-e8f4-4d1c-a53a-97bb8e9b1439)
* Paragraph 7 – [[7]](https://www.theguardian.com/uk-news/article/2024/sep/10/peoples-futures-on-the-line-amid-surge-in-youth-unemployment-unions-warn), [[1]](https://www.dailymail.co.uk/news/article-15095679/Rachel-Reeves-Labour-unemployment-epidemic.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.ft.com/content/f04de7a3-64d4-48c0-bc11-a7b4bf5f3560), [[6]](https://www.tuc.org.uk/research-analysis/reports/ambitious-plan-young-people)

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## Bibliography

1. <https://www.dailymail.co.uk/news/article-15095679/Rachel-Reeves-Labour-unemployment-epidemic.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.ft.com/content/f04de7a3-64d4-48c0-bc11-a7b4bf5f3560> - The Trades Union Congress (TUC) has raised concerns about a growing crisis of economic inactivity among young people in the UK. Nearly one million individuals aged 16 to 24 are classified as NEET (not in education, employment, or training). The TUC attributes this rise to cuts in youth services, disruptions caused by the pandemic, and increased mental health issues. Unlike previous recessions, many of today's NEET youth are not actively seeking work, risking long-term exclusion from the labour market. The TUC advocates for a £1 billion annual 'jobs guarantee' programme to provide subsidised work placements for 100,000 young people each year. Government officials acknowledge the urgency of addressing this issue. ([ft.com](https://www.ft.com/content/f04de7a3-64d4-48c0-bc11-a7b4bf5f3560?utm_source=openai))
3. <https://www.centreforsocialjustice.org.uk/newsroom/welfare-pays-more> - The Centre for Social Justice (CSJ) has highlighted a significant welfare dependency issue in the UK, with one million individuals receiving more in benefits than the net income from a full-time job. This situation is particularly acute among young people, with almost one million under 25s now out of work or training. The CSJ warns that the rising tide of welfare dependency is leading to a 'wasted generation' of young people trapped in welfare rather than work. The think tank recommends urgent reforms, including adjusting mental health benefits and investing in employment support, to address this crisis. ([centreforsocialjustice.org.uk](https://www.centreforsocialjustice.org.uk/newsroom/welfare-pays-more?utm_source=openai))
4. <https://www.ft.com/content/005d4635-d236-489a-9392-cff8b29f66bb> - UK Employment Minister Alison McGovern has expressed concern over the long-term joblessness and social exclusion risks faced by young people impacted by the Covid-19 pandemic. Disrupted education and missed opportunities have left many young individuals, particularly from working-class backgrounds and those without qualifications, increasingly disengaged from work and education. A report from charity Impetus indicates that disadvantaged youth are 66% more likely to be NEET (not in education, employment, or training), with the worst outcomes for those facing multiple disadvantages. The government has introduced 'youth guarantee' plans and £45 million funding for pilot areas, but experts argue that more rapid and extensive action is necessary. ([ft.com](https://www.ft.com/content/005d4635-d236-489a-9392-cff8b29f66bb?utm_source=openai))
5. <https://www.ft.com/content/4b5d3da2-e8f4-4d1c-a53a-97bb8e9b1439> - The UK is experiencing a surge in youth inactivity, with over 870,000 individuals aged 16 to 24 not in education, employment, or training, marking a nearly 25% increase since 2022. This rise is attributed to factors such as a post-pandemic mental health crisis, a tight job market, and a lack of skills. Long-term health problems, particularly mental health issues, have significantly contributed to this increase, with many young people receiving health-related disability benefits. Non-graduates are particularly affected, facing long-term risks in securing employment due to lower skill levels. Measures like improving support for out-of-work individuals, reforming sick pay, and better aligning education with job market needs have been suggested to address these issues. ([ft.com](https://www.ft.com/content/4b5d3da2-e8f4-4d1c-a53a-97bb8e9b1439?utm_source=openai))
6. <https://www.tuc.org.uk/research-analysis/reports/ambitious-plan-young-people> - The Trades Union Congress (TUC) has outlined an ambitious plan to address the challenges faced by young people in the UK. As of April to June 2025, 873,000 individuals aged 18 to 24 were not in education, employment, or training (NEET), representing 15% of this age group. The TUC highlights that 17% of 22-year-olds are NEET, the highest proportion of any age group. Analysis by the Learning and Work Institute found that nearly half of NEET young people remain in this status a year after becoming NEET, and 58% have never had a job. The TUC advocates for a £1 billion annual 'jobs guarantee' programme to provide subsidised work placements for 100,000 young people each year. ([tuc.org.uk](https://www.tuc.org.uk/research-analysis/reports/ambitious-plan-young-people?utm_source=openai))
7. <https://www.theguardian.com/uk-news/article/2024/sep/10/peoples-futures-on-the-line-amid-surge-in-youth-unemployment-unions-warn> - Recent figures from the Office for National Statistics (ONS) reveal a concerning rise in youth unemployment in the UK. Between May and July 2024, 597,000 individuals aged 16 to 24 were unemployed, an increase of 51,000 from the previous year. The unemployment rate for 18- to 24-year-olds rose to 13.3%, up from 12.3% in January to March, while the rate for 16- to 24-year-olds reached 14.2%. The Trades Union Congress (TUC) attributes this increase to a 'toxic Tory legacy' and highlights the neglect of young people by the government and employers. University graduates have reported challenges in finding their first job, often leading to employment at minimum wage levels. ([theguardian.com](https://www.theguardian.com/uk-news/article/2024/sep/10/peoples-futures-on-the-line-amid-surge-in-youth-unemployment-unions-warn?utm_source=openai))