



The Salvation Army United Kingdom and Ireland

Out of Reach: Real unemployment and the people missed by benefits based employment support

Transforming Lives
Through Employability Support

Annual Report
(refined methodology)

Josh Adcock
June 2026

Table of Contents

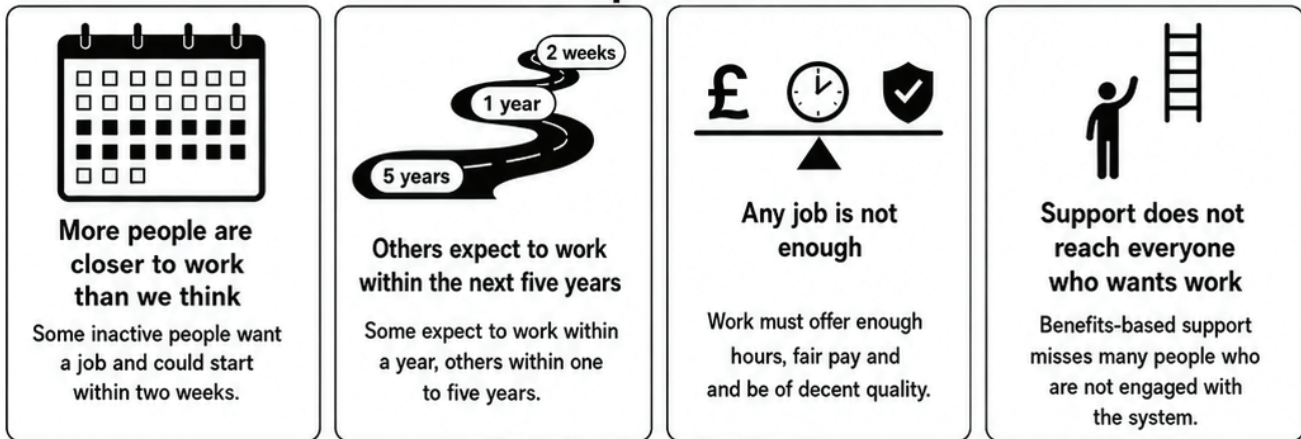
This report at a glance.....	3
About The Salvation Army	4
About Employment Plus.....	4
Foreword	5
Executive Summary.....	6
Recommendations: reaching the right people with the right support.....	7
Introduction.....	8
Methodology	9
Labour Market Overview	10
A Hidden Workforce: Worklessness & Real Unemployment.....	11
Measuring Worklessness and Distance From Work	11
Distance From Work	11
Economically Inactive Wants A Job	11
Real Unemployed.....	12
Duration of Unemployment	13
Benefits based employment support reach	14
Reasons for Economic Inactivity.....	14
Young People and NEETs	15
Disability and Long-term Ill-health	17
In the Regions	20
Underutilisation within the employed	22
Work and Poverty	23
Policy Direction of Government	25
Labour market challenge, system reach and conditionality	26
Changes to local employment support and delivery	28
Geography, local labour markets and delivery models	28
Evidence from Employment Plus	29
Participant Feedback	29
Policy implications.....	32
Recommendations: reaching the right people with the right support.....	33
Appendices.....	34
Appendix 1: More about Employment Plus	34
Appendix 2: Key Definitions	35
A2 Table 1 - Official Definitions	35
A2 Table 2 - Report Definitions	36
Appendix 3: Technical Methodology	37
Appendix 4 - Data Tables	39

This report at a glance

The missing piece of the out-of-work problem



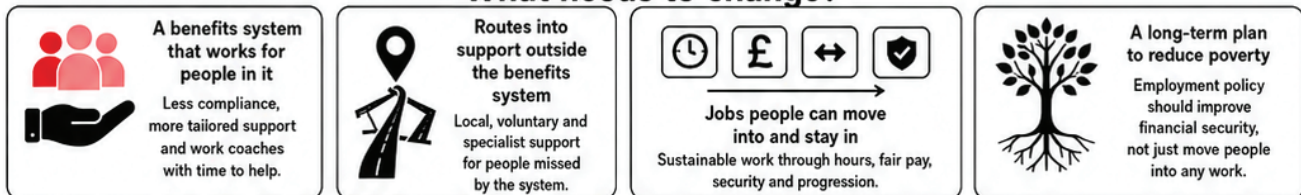
The problem



Who is being missed?



What needs to change?



The challenge is to give people the right support, at the right time, so they can move into decent work, and build financial security. This is how we strengthen resilience, purpose and belonging in people's lives and within communities.



About The Salvation Army

The Salvation Army is a worldwide Christian church and registered charity, which has tirelessly fought against social inequality to improve the lives of the most vulnerable and marginalised people in our society for over 150 years. The Salvation Army believes in putting faith into action and serving God by serving others; offering practical support to all who need, regardless of ethnicity, religion, gender, or sexual orientation.

The Salvation Army work and live in over 620 communities across the UK and have developed a deep understanding of local needs of them and the people within them. Our presence in left behind communities has evolved to better support those we serve. Sadly, while for some living standards have improved, we continue to fight many of the same ills - homelessness, modern slavery, poverty, addiction, social exclusion and isolation, debt, unemployment, and the exploitation and abuse of vulnerable people.

About Employment Plus

The Salvation Army's Employment Plus programmes operate at the heart of communities in more than 500 locations across the United Kingdom. Employment Plus offers tailored support to help people become job ready and to sustain work in the long term. Through a compassionate and holistic approach, with wrap-around support, Employment Plus builds participants' confidence, soft skills, and wellbeing - empowering them to tackle some of the obstacles they face personally and professionally such as self-esteem, health issues, addictions, or debt.

See Appendix 1: More about Employment Plus for more information.

Foreword

Founder of the Salvation Army, William Booth, wrote in 1908¹:

“We all ought to have some task which we are responsible for ... for our own welfare and of those about us ... Work gives dignity and confers honour ... and is necessary for good health ... and happiness”

For The Salvation Army, policy should be more than just focusing on numbers. People, with unique personalities and circumstances, sit behind these numbers. Policy should be about restoring and maintaining dignity, purpose and belonging. Since opening our first Labour Exchange in 1890, we have worked with people pushed to the edge of, or beyond, the labour market. People facing poverty, homelessness, ill health, caring responsibilities, addiction, debt, low confidence and long periods away from work.

That experience shapes how we read the evidence in this report. Official unemployment is a vital measure, but it does not capture everyone who wants work or everyone who needs support. Many people sit outside the official definitions, and usual systems and services. Some are close to work. Others need time, stability and specialist support before employment is realistic.

Government is right to focus on economic inactivity, health and youth employment. But a strategy built too narrowly around benefit claims, Jobcentre engagement and conditionality will miss people The Salvation Army sees every day. Employment support must reflect the whole person, the barriers they face, and the quality and availability of work locally.

This report offers a lens to see that challenge more clearly. It shows where people are closer to work than policy often assumes, and where standard support is not enough. We hope Government will listen to this evidence and work with organisations like ours to build support that reaches people earlier, treats them with dignity, and helps them move towards work that can be sustained.

Josh Adcock (Author)
Policy Analyst
The Salvation Army



Every day, Employment Plus meets people who want to work but face barriers that take time, compassion and trust, coupled with practical support to overcome.

This report shows that many people who want work are missed by headline labour market measures and by standard routes into support. Some are close to work now, while others need time to rebuild stability, confidence and skills before employment is realistic.

People come to us facing poor health, caring responsibilities, debt, homelessness, low confidence or long periods away from work. Others are ready to move forward but need help finding work that is suitable and sustainable.

Support has to be local, flexible and built around the whole person. When people are given the right support, at the right pace, they can take steps towards work, training, volunteering or greater stability. That is how we transform lives.

Rebecca Keating
Director of Employment Plus

¹ 'Good work' (The Salvationist, 2023)

Executive Summary

In Q1 2026, around 2.4 million people are in 'close to work real unemployment' in the UK, a change of +245,000 compared with Q1 2025 (2.2 million) and +562,000 compared with Q1 2019 (1.9 million). This includes people who are officially unemployed, plus economically inactive people who want a job and say they could start within two weeks. This is our refined real unemployment measure with tighter criteria that offer a better indication of hidden labour supply without treating everyone who wants work as immediately available. The rise in close to work real unemployment is more heavily driven by unemployment.

Headline real unemployment, around 3.9 million people once all inactive people who want a job are included, has changed by +352,000 compared with Q1 2025 (3.5 million) and +751,000 compared with Q1 2019 (3.1 million). The increase in headline real unemployment since both Q1 2025 and Q1 2019 is driven by rising unemployment and a rise in inactive people who want work.

The latest changes point to a weakening labour market as well as continued hidden labour supply.

Close to work real unemployment is larger than the Claimant Count. The Claimant Count is around 1.7 million, a change of -48,000 compared with Q1 2025 and +580,000 compared with Q1 2019. It remains the strongest administrative measure linked to unemployment related benefits, but it does not capture everyone who wants work or everyone who could benefit from support. Some people in the Claimant Count are recorded as in work. Once these claimants are removed, the estimated 'out of work Claimant Count' is around 1.1 million. This suggests around 1.3 million people in close to work real unemployment may not be reached through mainstream benefits based employment

support. This compares with around 1.1 million in Q1 2025.

The people missed by official unemployment are not one group. Some are close to work now. Others face barriers linked to health, caring responsibilities, education, housing, confidence, skills or the availability of suitable jobs. Among inactive people who want work, long-term sickness or disability is the largest reason for inactivity, followed by education and looking after family or home.

Labour demand also limits what activation alone can achieve. There are around 3.4 close to work real unemployed people per vacancy (712,000), and 3.8 close to work real unemployed people for every measure of job demand (637,000), with higher pressure in some parts of the UK. This compares to 2.8 and 3.1 respectively in Q1 2025, and 2.2 and 2.3 respectively in Q1 2019. Support will have less impact where suitable jobs are not available, accessible or matched to people's circumstances.

Work remains one of the main routes out of poverty, but only where it is secure, sufficiently paid and offers enough hours. Almost half of working-age adults in poverty are in employment, so employment support must focus on suitable, sustainable work, not movement into any job.

Government is right to focus on economic inactivity, health and youth employment. But policy still relies too heavily on benefits system engagement delivered through Jobcentres, conditionality and national programmes, while flexible local employability provision is being reduced. The wider employability sector offers support that can fill this gap and is being underutilised - local, relational, voluntary and able to support people who are outside, or only loosely connected to, the benefits system.

Recommendations: reaching the right people with the right support

1. Adopt a human capital approach to employment support

- a. reduce emphasis on compliance and focus on quality, sustainable work
- b. separate employment support from benefits monitoring
- c. tailor Claimant Commitments based on individual circumstances from the outset
- d. strengthen work coach capacity, capability and discretion
- e. expand partnerships with specialist third sector providers
- f. modernise delivery, including hybrid support and access for those outside the benefits system

2. Scale back sanctions and introduce safeguards

- a. significantly reduce reliance on sanctions given limited evidence of effectiveness
- b. introduce safeguards including:
 - i. mandatory review of individual circumstances
 - ii. assessment of local labour market conditions
 - iii. clear justification of requirements
 - iv. explicit consideration of income adequacy

3. Invest in local, specialist support

- a. establish flexible, ringfenced funding for people and skills
- b. design funding around realistic outcomes and delivery conditions
- c. ensure support reaches those outside mainstream and benefits based systems
- d. enable tailored, specialist provision for people with complex or multiple barriers

4. Strengthen employer-side action and job creation

- a. stimulate job creation, ensuring opportunities are accessible, suitable and geographically distributed
- b. incentivise inclusive recruitment practices
- c. support job design, including job carving and role redesign
- d. improve job quality and progression opportunities
- e. expand access to training aligned with labour market need

5. Take a cross-government approach to poverty

- a. commission a national inquiry into the nature and extent of poverty
- b. establish a cross-government taskforce to drive coordinated action

Introduction

Official unemployment remains an important and internationally recognised measure. It captures people who are out of work, actively seeking work and available to start, and is useful for understanding immediate labour supply, spare capacity in the economy and changes in labour market conditions.

But unemployment does not capture everyone who wants work. Some people are economically inactive because they are not currently looking or are not immediately available, but still say they would like a job. Others are already in work but want more hours. Looking only at headline unemployment therefore risks understating the scale and complexity of unused labour supply.

Successive governments have rightly placed increasing emphasis on labour market participation, economic inactivity and welfare reform. That focus is welcome, but policy will only be effective if it reflects who is missing

from the headline measures, how close they are to work, what barriers they face, and whether suitable jobs and support are available.

This report builds on work showing alternative measures of labour market slack², hidden unemployment among incapacity claimants^{3 4}, labour underutilisation and underemployment⁵, and recent debate about worklessness in the context of a weaker and more constrained labour market⁶.

In this year's report, we further develop our 2024 and 2025 reports^{7 8} to look at the availability of inactive people who want work and their expectations of when they want to start, and link this to their main reason for inactivity. This allows us to distinguish between those closer to work and those who need longer-term support, and to consider what this means for benefits based employment support, local labour demand and employability support outside the benefits system.

² Alternative measures of underutilisation in the UK labour market (ONS, 2022)

³ The real level of unemployment (Sheffield Hallam University, 2017)

⁴ Beatty, C. and Fothergill, S. (2023). 'The persistence of hidden unemployment among incapacity claimants in large parts of Britain', *Local Economy*, 38(1), pp.42-60. <https://doi.org/10.1177/02690942231184815>

⁵ Walling, A. and Clancy, G., (2010). 'Underemployment in the UK labour

market', *Economic & Labour Market Review*, 4(2), pp.16-24. Available at: <https://link.springer.com/content/pdf/10.1057/elmr.2010.21.pdf>

⁶ Labour Market Outlook Q4 2025 (Resolution Foundation, 2025)

⁷ Real Unemployment Report: Transforming Lives Through Employability Support (The Salvation Army, 2024)

⁸ Real Unemployment Report: Cut Adrift (The Salvation Army, 2025)

Methodology

In our time series, we define ‘real unemployment’ as people who meet the official definition of unemployed, together with people who are economically inactive but say they would like a job. This is the same headline measure used in our 2024 and 2025 Real Unemployment reports. See Appendix 2: Key Definitions for more detail.

This report then refines that measure by looking at how close people are to work. The analysis focuses on people aged 16 to 64 and combines published labour market statistics with Labour Force Survey (LFS) microdata. Published ONS statistics are used for the main headline figures, including unemployment, economic inactivity, the number of economically inactive people who want a job and main reasons for economic inactivity. LFS microdata are used where the published data do not provide enough detail, including whether inactive people who want a job could start within two weeks, whether they expect to work in the future, and when they expect to work.

Some people can be economically inactive because they are not actively looking for work, but still want a job, be available to start soon, and expect to work in the future. To avoid double counting, the report creates mutually exclusive distance from work groups. These are then added back to official unemployment to produce refined real unemployment measures, including a close to work measure.

The report also looks at unemployment duration, reasons for economic inactivity,

young people who are not in education, employment or training (NEET), disability, regional patterns, underemployment, benefit-system contact and poverty by labour market status. Detailed definitions, variable choices and methods are set out in Appendix 2: Key Definitions and Appendix 3: Technical Methodology.

The LFS currently has known quality issues, so the analysis is cautious. The strongest figures are the main UK headline estimates. More detailed breakdowns, especially for regions, disability, NEET and distance from work measures, should be read as broad patterns rather than precise estimates. Where possible, the analysis uses pooled Q1 LFS data to reduce volatility in smaller groups.

The Claimant Count is used as the official administrative measure of people receiving unemployment related benefits. The LFS benefit indicators used later in the report are different - they are self-reported, undercount benefit receipt, and are used only to give cautious additional insight into groups that cannot be identified directly in Claimant Count data.

Generative AI was used to support coding, debugging and quality checks. No raw LFS microdata were shared with it.

The full data tables supporting the figures and headline estimates in this report are available in the accompanying Appendix 4 Excel workbook.

Labour Market Overview

Over the past year, unemployment has risen and vacancies have fallen, pointing to a weaker labour market than the headline employment level alone suggests. Compared with 2019, employment is higher, but unemployment and economic inactivity remains elevated.

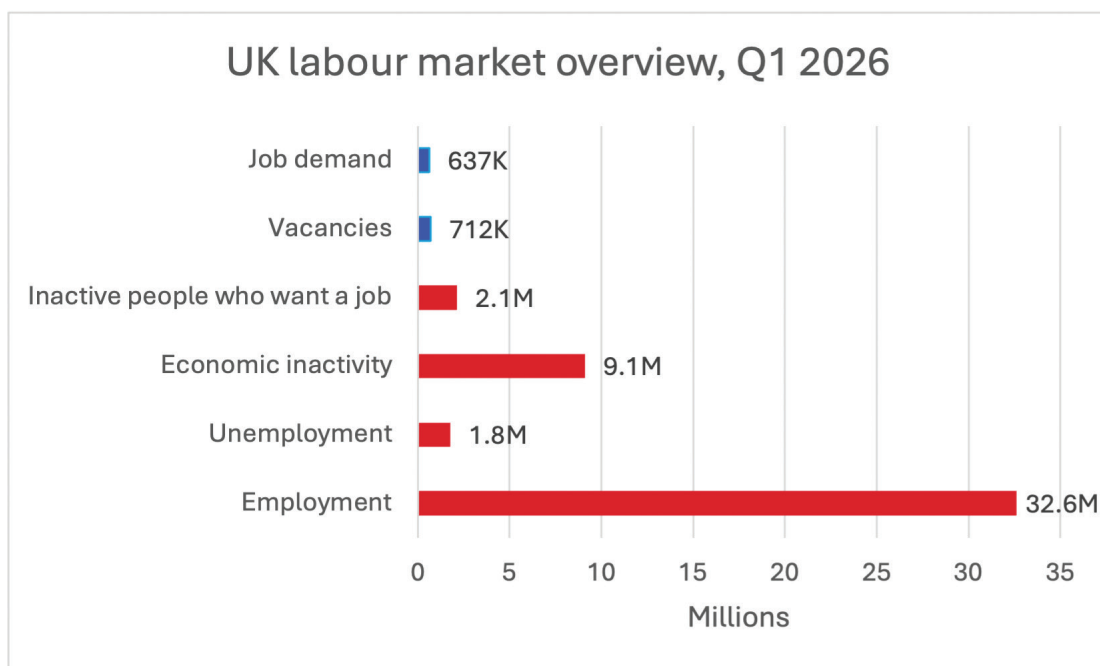
- Employment stands at 32.6 million, a change of +232,000 compared with Q1 2025 (32.4 million) and +1.1 million compared with Q1 2019 (31.5 million).
- Unemployment stands at 1.8 million (5.1%) a change of +197,000 and +0.5 percentage points (ppts) compared with Q1 2025 (1.6 million, 4.6%) and +476,000 and +1.2 ppts compared with Q1 2019 (1.3 million, 3.9%).
- Economic inactivity stands at 9.1 million, or 20.9%, a change of -126,000 and -0.5 ppts compared with Q1 2025 (9.2 million, 21.4%) and +385,000 and -0.1 ppts compared with Q1 2019 (8.7 million, 21.0%).
- Vacancies stand at 712,000, a change of -67,000 compared with Q1 2025 (779,000) and -128,000 compared with Q1 2019 (840,000). Job demand stands at 637,000⁹, a change of -67,000 compared with Q1 2025 (704,000), and -171,000 compared with Q1 2019 (808,000).

This means there are around 2.5 unemployed people for every vacancy and 2.8 for every measure of job demand, compared with 2.0 and 2.2 respectively in Q1 2025, and 1.5 and 1.6 respectively in Q1 2019.

Figure 1 shows the scale of the headline labour market measures. These figures set the context for the report, but they do not show the full labour market challenge. Official unemployment misses people outside the labour force who want work, while demand-side measures do not show whether available jobs are suitable, accessible or well matched to those looking for work. The next sections look beneath the headline measures to identify who is missing, how close they are to work, and whether current support is reaching them.

Figure 1 - UK labour market overview (levels): employment, unemployment, economic inactivity, vacancies and job demand, people aged 16-64, Q1 2026. Source: ONS LFS, ONS Vacancy Survey, and Textkernel Job Demand.

The full labour market overview series is available in the accompanying Appendix 4 Excel workbook.



⁹ Q1 2026 job demand is based on January and February because March was unavailable at the time of analysis.

A Hidden Workforce: Worklessness & Real Unemployment

Measuring Worklessness and Distance From Work

The headline unemployment figure remains important, but it is too narrow for understanding how many people are out of work and want employment.

Figure 2 shows the scale of that gap. Real unemployment is more than twice the size of official unemployment, and substantially higher than the Claimant Count. The Claimant Count is closely linked to the main benefits based route into employment support, while many people who want work sit outside that measure.

In Q1 2026, headline real unemployment was around 3.9 million, compared with 3.5 million in Q1 2025 and 3.1 million in Q1 2019.

However, headline real unemployment is deliberately broad. It shows the scale of unmet demand for work, but not how close people are to employment. Some people within it may be able to move into work relatively quickly, while others face barriers that mean immediate work is not realistic.

The next sections therefore refine the measure. First, they break down economically inactive people who want a job by distance from work. They then apply those categories back to real

unemployment to identify the group most plausibly connected to near-term labour supply.

Distance From Work

Since the pandemic, policy debate has focused heavily on labour market participation: who is out of work, whether they are looking, and how to increase the number of people in work. Those questions are important, but they are not enough.

The key distinction is distance from work. Some inactive people who want a job are close to the official unemployment definition because they could start within two weeks. Others remain interested in work but face health, caring, housing, confidence, skills or local labour market barriers that make immediate employment unrealistic.

Treating all of these groups as the same would overstate near-term labour supply and understate the need for longer-term support. The next two sections therefore separate inactive people who want work by distance from work, before applying those categories back to real unemployment.

Economically Inactive Wants A Job

Around 2.1 million economically inactive people wanted a job in Q1 2026, a change of +155,000 >>

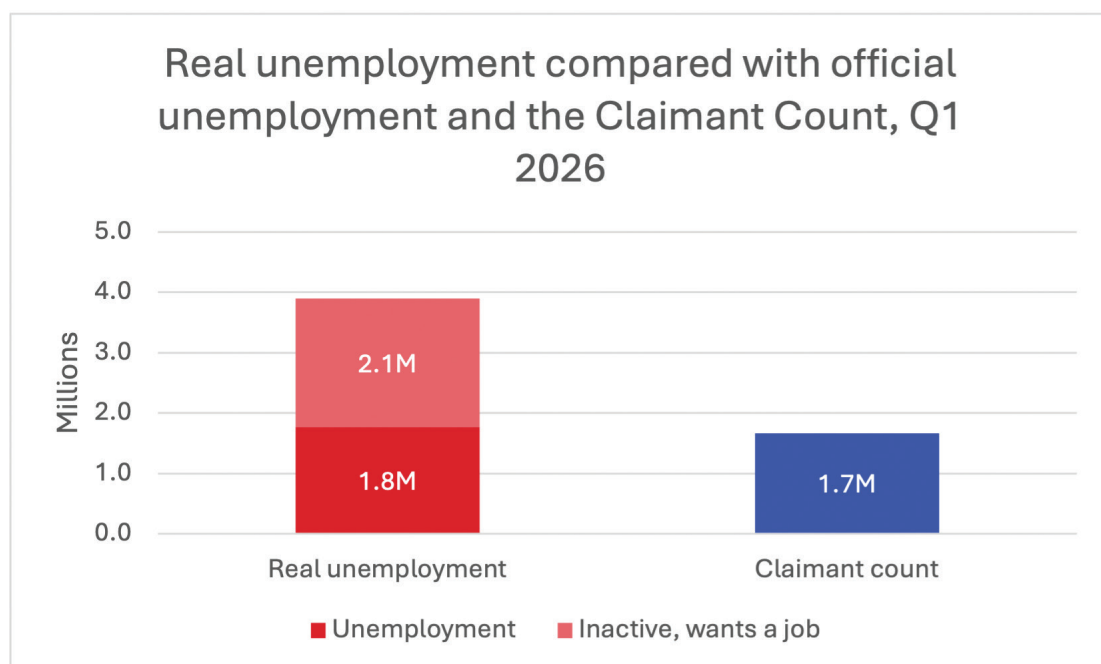


Figure 2 - Real unemployment compared with official unemployment and the Claimant Count, people aged 16-64, UK, Q1 2026. Source: ONS LFS and Claimant Count, and The Salvation Army's analysis.

The full worklessness, real unemployment and Claimant Count data are available in the accompanying Appendix 4 Excel workbook.

» compared with Q1 2025 (2.0 million) and +275,000 compared with Q1 2019 (1.9 million). Within this group, distance from work varies significantly.

Figure 3 separates this group into mutually exclusive categories, with double counting removed. Around 665,000 inactive people who want a job could start within two weeks. A further group are not already counted as available now, but still expect to work within the next year or within one to five years. The remaining group are further from work or have unclear timing.

The key point is that economic inactivity does not always mean detachment from work. Some people are close enough to benefit from support now. Others need help with health, caring responsibilities, housing, confidence, skills or suitable work before employment is realistic.

Real Unemployed

The distance from work categories can then be applied back to real unemployment.

Headline real unemployment remains important because it shows the full scale of people who are out of work and want a job: around 3.9 million

Figure 3 - Distance from work among economically inactive people who want a job, people aged 16-64, UK, Q1 2026. Availability to start within two weeks and expected timing of future work. Source: ONS LFS and The Salvation Army's analysis.

The full economically inactive but wants a job breakdown is available in the accompanying Appendix 4 Excel workbook.

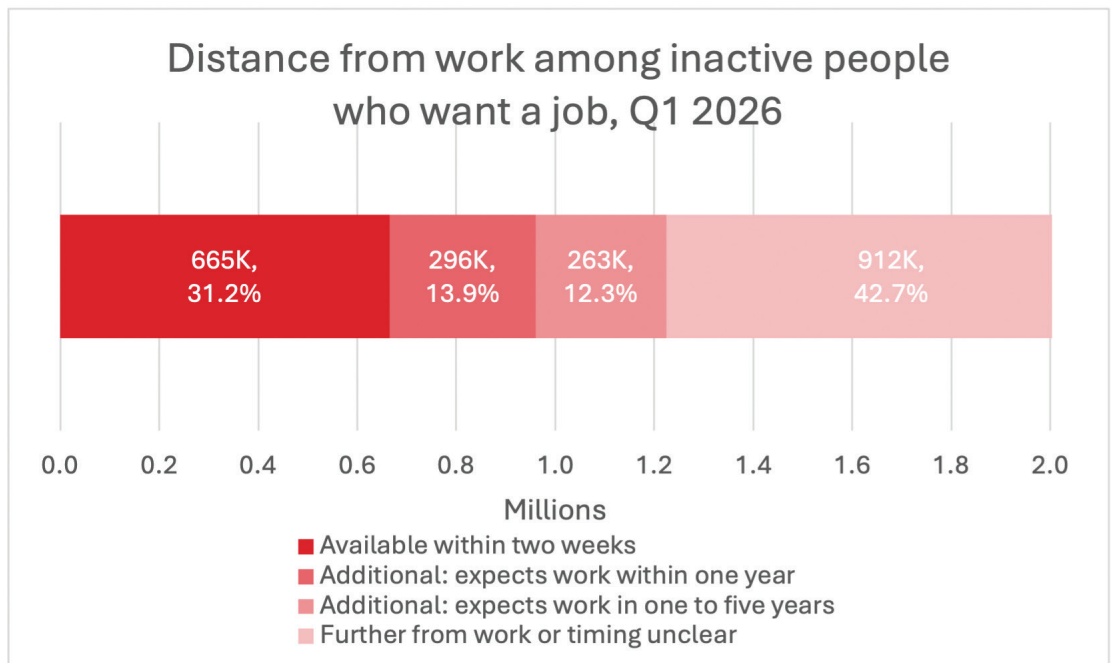
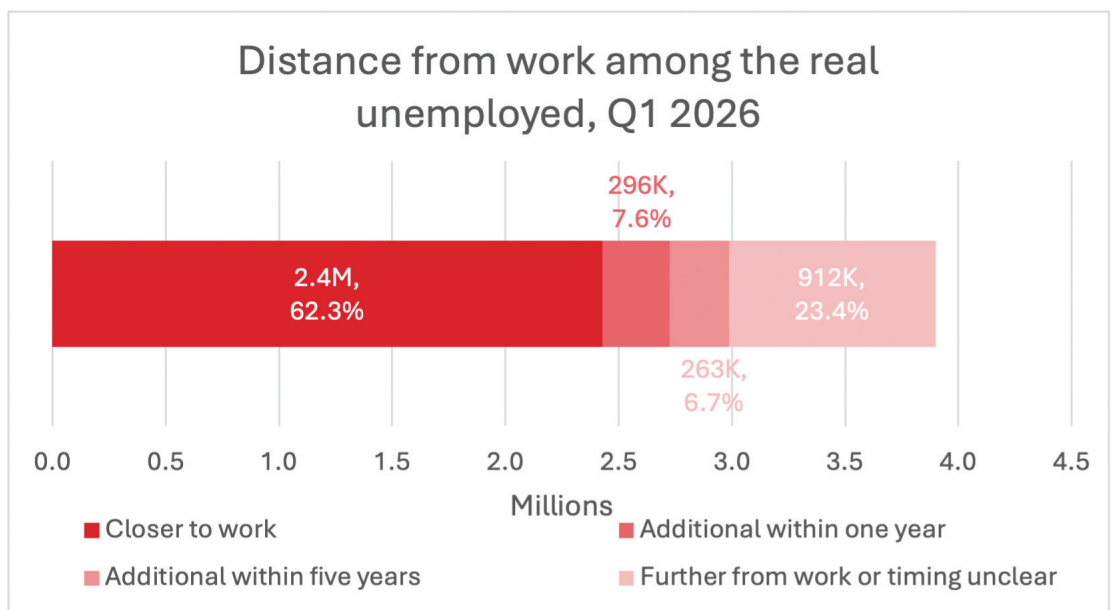


Figure 4 - Refined real unemployment measures by distance from work, people aged 16-64, UK, Q1 2026. Source: ONS LFS and The Salvation Army's analysis.

The full refined real unemployment estimates are available in the accompanying Appendix 4 Excel workbook.



people in Q1 2026, a change of +352,000 compared with Q1 2025 (3.5 million) and +751,000 compared with Q1 2019 (3.1 million).

On this basis, around 2.4 million people are in close to work real unemployment, a change of +245,000 compared with Q1 2025 (2.2 million) and +562,000 compared with Q1 2019 (1.9 million). This group is broader than official unemployment, but narrower than headline real unemployment. It identifies people most plausibly connected to near-term labour supply without treating everyone who wants work as immediately available.

Wider measures remain useful. Including the additional group who expect to work within the next year increases the estimate to around 2.7 million in Q1 2026, a change of +267,000 compared with Q1 2025 (2.5 million) and +600,000 compared with Q1 2019 (2.1 million). Including those who expect to work within one to five years increases it to around 3.0 million, a change of +286,000 compared with Q1 2025 (2.7 million) and +634,000 compared with Q1 2019 (2.4 million).

The rest of this report uses close to work real unemployment as the refined measure where the focus is near-term labour supply, while retaining headline real unemployment to show the full scale of people who want work.

Andy: Injury, complex needs, and rebuilding stability before moving into work

After a workplace injury, Andy spent several years away from work while managing poor mental health and alcohol addiction. Employment Plus supported him gradually, helping with his CV, documents, confidence and recovery before job search became realistic.

Because he had not worked for years, a recent reference from his Employability Practitioner also helped him move forward. He is now in secure work that fits around family life. His story shows how distance from work can reduce over time when support is practical, patient and focused on stability first.

Duration of Unemployment

Duration is another form of distance from work. Figure 5 shows that most unemployed people have been unemployed for less than six months, but a substantial minority have been out of work for much longer.

In Q1 2026, around 427,000 people had been unemployed for 12 months or more, equivalent to 24.2% of unemployed people. While the level has risen alongside the general rise in unemployment, from around 312,000 in Q1 2019 and 379,000 in Q1 2025, the proportion of unemployed people who had been unemployed for 12 months or more remained unchanged at 24.2%.

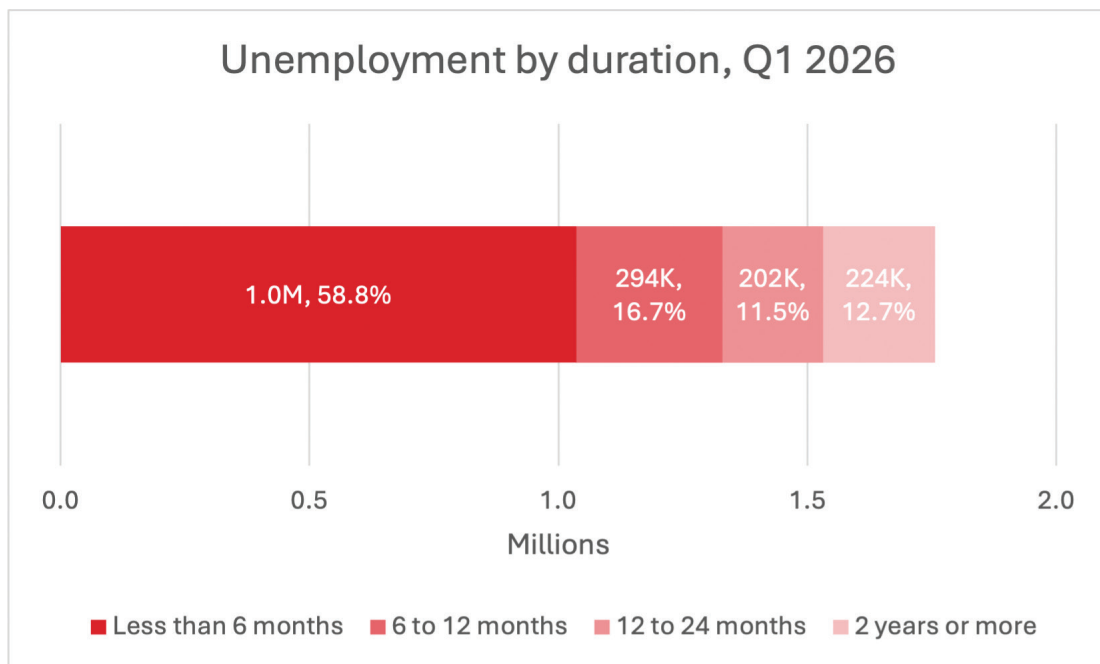


Figure 5 - Duration of unemployment, people aged 16-64, UK, Q1 2026. Source: ONS LFS and The Salvation Army's analysis.

The full unemployment duration breakdown is available in the accompanying Appendix 4 Excel workbook.

» Disabled unemployed people are more likely to have been unemployed for 12 months or more than unemployed people overall. Around one-third (34.3%) of disabled unemployed people had been unemployed for at least a year, compared with 24.2% of unemployed people overall. Among unemployed NEET young people aged 18 to 24, around one-fifth (22.1%) had been unemployed for at least a year, rising to almost one-third (30.7%) among disabled NEET young people.

Longer periods of unemployment can make return to work harder by reducing confidence, weakening recent work experience and increasing the need for support before job search is effective. This is where a narrow work search model is least likely to be enough on its own, especially in the case of NEETs and disabled people, where early and tailored support is required.

Benefits based employment support reach

The Claimant Count is the strongest available administrative measure linked to unemployment related benefit support. It stood at around 1.7 million in Q1 2026, a change of -48,000 compared with Q1 2025 (1.7 million) and +580,000 compared with Q1 2019 (1.1 million).

Some people included in the Claimant Count are already in work. Using Stat-Xplore data for Great Britain¹⁰ and Department for Communities data for Northern Ireland¹¹, we estimate an indicative out of work Claimant Count of around 1.1 million in the UK, unchanged on the same period a year earlier.

This suggests a larger support-reach gap than the headline Claimant Count implies. With close to work real unemployment at around 2.4 million, this is around 1.3 million higher than the estimated out of work Claimant Count related group. This comparison should be treated as indicative because the UC figures are GB administrative data and use DWP work-status categories, while real unemployment is a UK-wide LFS-based labour market measure.

If the broader real unemployment measure is used, the estimated support-reach gap rises to

around 2.8 million, compared with around 2.4 million in Q1 2025. This wider figure should be read as a measure of unmet demand for work, not immediate labour supply.

LFS benefit indicators add further context, but should be treated cautiously. They are self-reported, undercount benefit receipt, and are not directly comparable with the Claimant Count. Their value is that they allow analysis of groups that cannot be identified directly in Claimant Count data.

Across real unemployment, around 2.0 million people report receiving selected forms of benefit support. This is broader than unemployment related support. The narrower LFS unemployment related benefit claim proxy is much lower, at around 646,000.

The reported reason for claiming out of work benefits also shows that benefit contact does not map neatly onto jobseeking. Among people in real unemployment, 46.0% report not claiming benefits, 18.0% report sickness, injury or disability as the main reason for claiming, and 17.1% report jobseeking. Among economically inactive people who want a job, only 4.1% report jobseeking as the main reason for claiming.

Together, the Claimant Count, UC conditionality split and LFS indicators point towards a conclusion that benefits based employment support does not reach everyone who wants work. A support model built mainly around claimants will miss people outside the benefits system, people connected to it for reasons other than active job search, and people whose labour market status does not fit neatly into benefit conditionality groups.

The full selected benefit-support and not-in-work benefit-claim reason breakdowns are available in the accompanying Appendix 4 Excel workbook.

Reasons for Economic Inactivity

Reasons for inactivity, or more specifically not looking for work, help explain why people who want work do not meet the official unemployment definition.

¹⁰Because detailed UC conditionality data are now published quarterly with a lag, the latest available Stat-Xplore data do not cover the whole of Q1 2026. We therefore use the latest available three-month average for UC claimants in the searching-for-work group, where work status breakdowns are available, which covers November 2025 to January 2026, and the latest

available JSA quarter, Q4 2025. This should be treated as an indicative administrative comparison, not a precise Q1 2026 equivalent to the LFS-based real unemployment measures.

¹¹Social Security benefits, Northern Ireland & Benefit claimants by extract date: JSA (Department for Communities, 2026)

Among the 2.1 million economically inactive people who want a job, long-term sickness or disability is the largest reason, accounting for around 726,000 people, or 34.0%. Students account for around 538,000 (25.2%), and those looking after family or home account for around 393,000 (18.4%). Figure 6 shows the full breakdown.

Compared with Q1 2025, the share of inactive people who want a job and report long-term sickness or disability has changed by -0.4 ppts. The share reporting student status has changed by +1.1 ppts, while the share looking after family or home has changed by -0.2 ppts. Compared with Q1 2019, the equivalent changes are +4.0 ppts for long-term sickness or disability, +2.4 ppts for students, and -8.0 ppts for looking after family or home.

These reasons point to barriers that are largely structural rather than behavioural. Many people are not outside unemployment because they lack interest in work, but because work is not currently possible, available or sustainable around their circumstances.

Figure 7 shows that these barriers vary sharply by sex and age. Caring responsibilities are much more common among women, while long-term sickness or disability is more prominent among men and older workers. For younger inactive people who want a job, education dominates. For women aged 25 to 49, caring responsibilities

Jane: Caring responsibilities, homelessness and rebuilding confidence

Jane left work more than 30 years ago to care for her children, who had autism and Asperger’s, and later cared for her mother for 16 years as her health declined. Over time, caring responsibilities, financial hardship, isolation and homelessness pushed work further out of reach. By the time she was referred to Employment Plus, she had lost her home, possessions and confidence.

Employment Plus helped her rebuild her CV, apply for work and start volunteering at a Salvation Army shop. Volunteering gave her routine, purpose, confidence and a recent reference. She has since been offered a permanent role. Jane’s story shows how caring, housing instability and isolation can increase distance from work, and how the right support can help rebuild it.

are the main reason. For men aged 35 to 64, and for women aged 50 to 64, long-term sickness or disability is the largest reason.

This variation helps explain why distance from work differs within the inactive wants work group. Some barriers are likely to be temporary or linked to life stage. Others, particularly poor health, disability, caring responsibilities and unstable housing, may require longer-term support before work is realistic.

Young People and NEETs

Detailed estimates in this section should be >>

Main reason for economic inactivity among those that want a job, Q1 2026

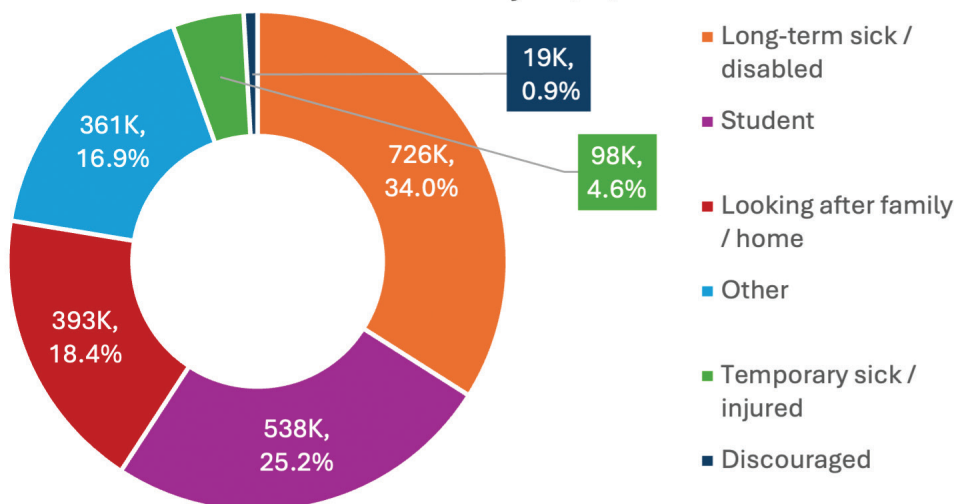


Figure 6 - Reasons for economic inactivity among people who want a job, people aged 16-64, UK, Q1 2026. Source: ONS LFS and The Salvation Army’s analysis.

Figure 7 - Main reason for economic inactivity among people who want a job, by age and sex, people aged 16-64, UK, pooled Q1 2019-2025 shares. Source: ONS LFS and The Salvation Army's analysis.

Group	Discouraged	Student	Looking after family/home	Temporarily sick/injured	Long-term sick/disabled	Other
Men 16-24	1.7	67.5	1.8	4.2	11.6	13.0
Men 25-34	3.4	7.9	11.1	11.3	41.9	24.3
Men 35-49	1.1	3.3	19.4	7.7	53.6	14.9
Men 50-64	2.5	0.4	11.6	7.1	56.4	22.0
Women 16-24	0.4	65.7	12.1	2.5	11.2	8.1
Women 25-34	0.3	8.9	54.6	3.0	21.2	11.9
Women 35-49	0.7	4.2	53.5	4.6	27.5	9.4
Women 50-64	1.5	0.9	24.6	5.1	48.5	19.4

The full reasons breakdown, including age and sex breakdowns, is available in the accompanying Appendix 4 Excel workbook.

» treated as indicative due to small sample size and volatility within the data due to ongoing known LFS issues. Even so, the broad pattern is useful.

An estimated 1.0 million young people aged 16 to 24 are not in education, employment or training (NEET), equivalent to 13.5% of this age group. This is a change of +89,000 and +1.0 ppts compared with Q1 2025 (923,000, 12.5%) and +230,000 and +2.3 ppts compared with Q1 2019 (782,000, 11.2%).

NEET status covers different labour market positions. Some young people are unemployed and actively looking for work. Others are economically inactive, either because they do not currently want work or because they want

work but are not immediately available. Figure 8 separates these groups.

Around 541,000 NEET young people are in real unemployment, meaning they are either unemployed or economically inactive but want a job. Of these, around 458,000 are close to work, either because they are unemployed or because they are inactive, want work and are available to start within two weeks.

Unemployment duration analysis also suggests that a significant minority of unemployed NEET young people, particularly disabled NEET young people, are already experiencing longer-term unemployment.

The benefits system reach issue is also visible among young people. Around 252,000 real unemployed NEET young people report receiving selected forms of benefit support, while the narrower LFS unemployment related benefit claim proxy is around 145,000. These figures are self-reported and should be treated cautiously, but they suggest that many young people who are detached from education and work are not necessarily connected to mainstream employment support.

The reported reason for claiming out of work benefits reinforces this. Among real unemployed NEET young people, 52.4% report not claiming benefits, 26.5% report jobseeking as the main reason for claiming, and 8.7% report sickness, injury or disability. These estimates should be read as indicative, but they support the wider

Alexsander: Long-term unemployment, local job limits and rebuilding a route into work

After graduating with a software engineering degree, Alexsander spent several years trying to find work in IT. He applied for hundreds of jobs, but struggled to get experience and felt trapped by limited local opportunities in a seaside town. Jobcentre support left him feeling pressured to apply for any job, rather than helping him towards suitable work.

Employment Plus took time to listen to his goals and helped him enrol on a CompTIA A+ course. His story shows how young people can be motivated and close to work, but still need support with confidence, skills, place and realistic routes into employment.

finding that benefits based support does not reach all young people who want work.

Disabled NEET young people appear further from immediate work. Among all NEET young people, 63.3% are economically inactive. Among disabled NEET young people, this rises to 78.3%. Disabled NEET young people are also more likely to be inactive and want a job, at 21.1%, compared with 14.0% among NEET young people overall.

Among NEET young people who are inactive and want work, disabled young people are less likely to say they could start within two weeks, at 34.2%, compared with 40.9% among all NEET young people in this group. This suggests that disabled young people are often further from immediate work and need more tailored support.

The reasons reported by NEET young people who are inactive and want a job also point to a mix of barriers. Long-term sickness or disability accounts for 34.1%, looking after family or home for 22.2%, and the 'other' for 25.0%. NEET status is therefore not only about job search. For many young people, health, caring responsibilities, confidence, skills and wider instability are part of the picture.

The Youth Guarantee is a positive step, but the data point to a wider challenge. Youth employment policy needs to combine early intervention with sustained support for young

Spencer: Childhood trauma, disrupted education and rebuilding stability through work

Spencer is 19 and had a childhood marked by abuse, epilepsy, disrupted education and difficult family circumstances. After moving for a fresh start, he enrolled in college to rebuild the qualifications he had missed, but he also needed work and practical support. Jobcentre appointments felt impersonal and pressurised.

Through volunteering at The Salvation Army, Spencer met Employment Plus and received help with his CV, interviews, benefits, travel and confidence. He has now started work in a supermarket while continuing college and volunteering. His story shows how wraparound support can help young people stay in education, move into work and rebuild stability after trauma.

people whose barriers cannot be solved by job search alone.

Disability and Long-term Ill-health

Estimates in this section should be treated as indicative due to small sample size and volatility linked to ongoing known LFS issues. The LFS is also known to produce higher disability prevalence estimates than Census data, so these figures should be read as broad patterns rather than precise estimates.

Health and disability are central to real unemployment. Among economically inactive >>

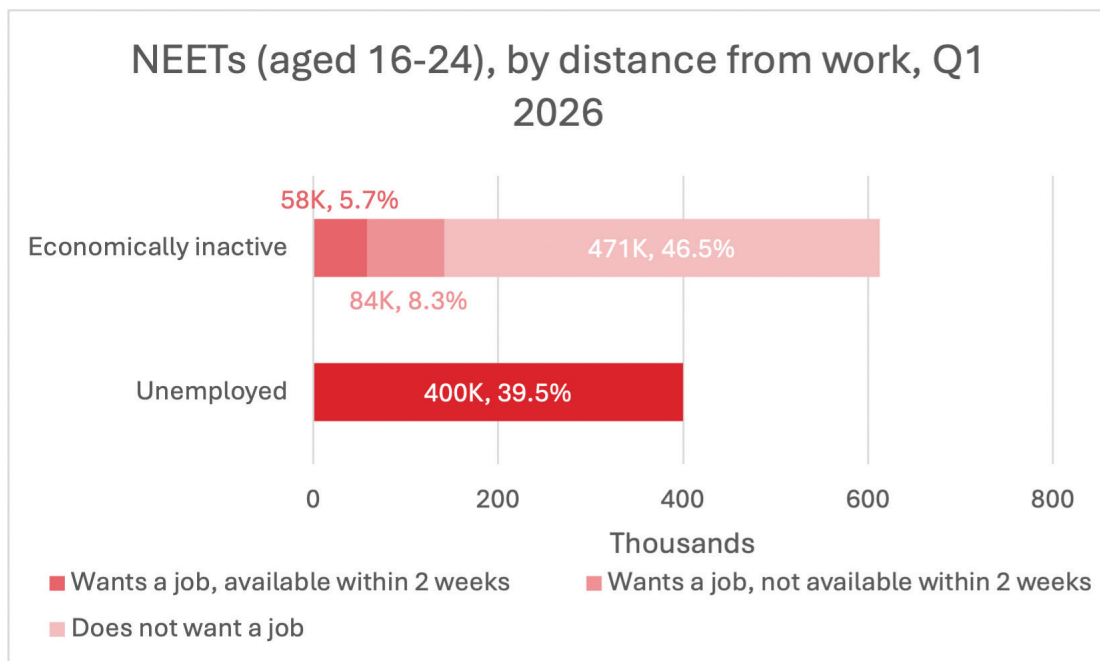


Figure 8 - Young people aged 16 to 24 not in education, employment or training (NEET), labour market position, UK, Q1 2026. Source: ONS LFS and The Salvation Army's analysis.

The full NEET breakdowns are available in the accompanying Appendix 4 Excel workbook.

» people who want a job, long-term sickness or disability is the largest main reason for inactivity. Health-related inactivity has risen since the pandemic and remains a major driver of labour market detachment among people who say they want work.

Many disabled people want work and remain connected to the labour market, but face barriers linked to fluctuating physical and mental health, higher living and work-related costs, accessibility, employer practices, job design and the availability of suitable support.

Disabled people make up a large part of real unemployment. Figure 9 shows that around 532,000 disabled people are unemployed, while a further 1.0 million are economically inactive but want a job. Taken together, around 1.5 million disabled people are within real unemployment, equivalent to around two-fifths (39.4%) of the broad measure total.

In Q1 2026, around 1.5 million disabled people were within real unemployment, broadly unchanged on Q1 2025, but higher than in Q1 2019 (1.1 million). These comparisons should be treated cautiously because disability estimates in the LFS are sensitive to survey quality and measurement issues.

Distance from work varies within this group. Around 758,000 disabled people are in close to work real unemployment. A further 109,000 are not already counted in this group but expect to work within a year, while another 103,000 expect to work in one to five years. As noted in the duration analysis, disabled unemployed people are more likely than unemployed people overall to have been out of work for a year or more. This suggests that many disabled people remain

connected to the labour market, but not all are available immediately.

Benefit contact is also more complex than a simple jobseeking/non-jobseeking split. Around 1.1 million disabled people within real unemployment report receiving selected forms of benefit support, but this is broader than unemployment related support and is based on self-reported LFS data. The narrower LFS unemployment related benefit claim proxy is much lower, at around 254,000. Among disabled people within real unemployment, 39.9% report sickness, injury or disability as the main reason for claiming, 23.6% report not claiming benefits, and 15.2% report jobseeking.

Among disabled inactive people who want a job, long-term sickness or disability accounts for 59.5% of inactivity, while looking after family or home accounts for 16.4%. This points to the overlap between health, caring responsibilities and work. The age and sex breakdown reinforces this: long-term sickness or disability is especially prominent among older workers, accounting for 56.4% of inactivity among men aged 50 to 64 and 48.5% among women aged 50 to 64.

The policy implication is that disabled people should not be treated as either fully detached from work or immediately job-ready. Many remain part of the wider labour supply, but require support that is sustained, accessible and tailored. That means improving employment support, but also employer practice, job design, flexibility and the availability of suitable work. It also means building stronger evaluation into health and disability employment programmes, so the evidence improves on what works, for whom, and in what circumstances.

Alimat: Mental ill-health, confidence, and training

Living with bipolar disorder made sustaining work difficult because of the unpredictability of Alimat's condition. She had borrowed from family to get by and had been refused PIP several times after struggling to understand the application process.

Employment Plus helped Alimat complete a successful claim, giving her more financial stability and space to rebuild. She is now preparing for ESOL training and hopes to return to work. Alimat's story shows how health, income, benefit navigation and confidence can all shape whether work is realistic.

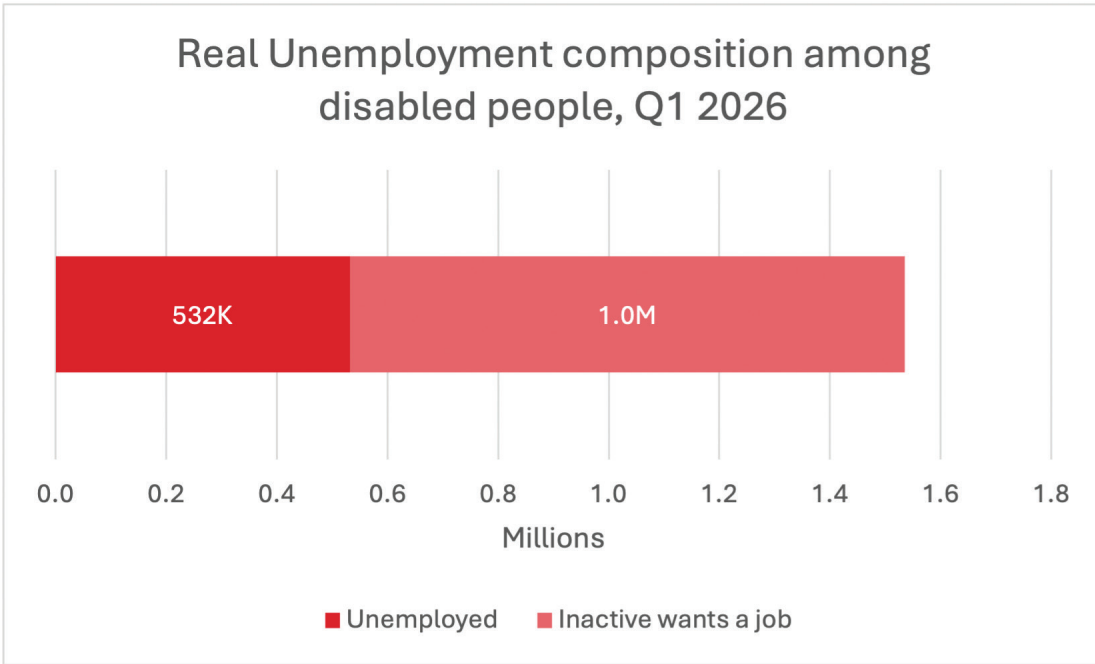


Figure 9 - Disabled people within real unemployment, people aged 16-64, UK, Q1 2026. Source: ONS LFS and The Salvation Army's analysis.

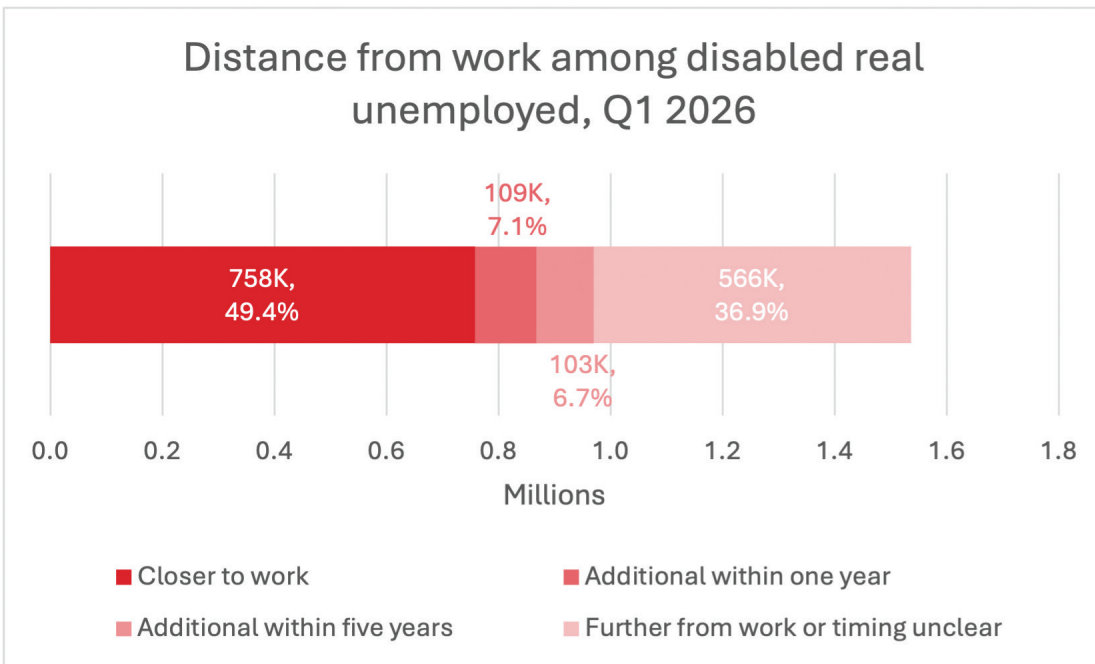


Figure 10 - Disabled real unemployment by distance from work and selected benefit support, people aged 16-64, UK, Q1 2026. Source: ONS LFS and The Salvation Army's analysis.

The full disability, distance from work and selected benefit-support breakdowns are available in the accompanying Appendix 4 Excel workbook.

In the Regions

Regional estimates should be read as indicative because they are based on smaller samples. A fuller regional analysis would require the Annual Population Survey. Even so, these data show how labour market challenges differ across the UK.

Labour market pressure is not evenly distributed. The balance between employment, unemployment, economic inactivity and labour demand differs between regions, shaped by industrial history, health, transport, skills, demographics and local economic opportunity.

Figure 11 compares close to work real unemployment with job demand¹². This is the report's strongest regional measure because it focuses on people most plausibly connected to near-term labour supply, while recognising that even this group may still face barriers to work. Nationally, the ratio of close to work real unemployment to job demand is 3.8 in Q1 2026, compared with 3.1 in Q1 2025 and 2.3 in Q1 2019.

The map shows that some areas have a much higher number of close to work real unemployed people relative to job demand, suggesting greater competition for available roles and weaker demand conditions. In those places, the challenge is not only getting more people to look for work. There also need to be enough suitable jobs for people to move into.

In Q1 2026, the highest close to work real unemployment to job demand ratios are in the North East, Yorkshire and The Humber, London and the East Midlands. Scotland is also above the UK average, while Wales is close to the national position. The North East has the highest ratio suggesting weak demand relative to close to work labour supply, despite being a smaller and less densely populated labour market than London or the South East. London

is also notable, combining both a large number of people in real unemployment and relatively high pressure relative to job demand. By contrast, areas such as the South East and North West have large populations and large numbers of people in real unemployment, but lower pressure relative to the highest-ratio regions.

Regional inactivity rates also vary considerably. The North East, Northern Ireland, Wales, Yorkshire and The Humber and the West Midlands have higher inactivity rates than many other parts of the UK. Reasons for inactivity also vary by place, although the broad pattern is consistent with the national picture. Long-term sickness or disability is the largest reason among inactive people who want work in many regions, including the North East, Scotland, the North West and Wales. London has a different profile, with looking after family or home the largest reason.

Selected benefit support also varies by region. The share of real unemployment reporting selected forms of benefit support is higher in the North East, North West, Scotland and Wales than in London and the South East. This is a broad, self-reported LFS measure rather than a measure of active jobseeking support, but it adds to the regional picture: labour market detachment, benefit contact and support need do not map neatly onto one another.

These differences have implications for delivery - labour market detachment is shaped by people's circumstances, but also by the places they live and the opportunities available to them. A national programme based mainly on benefit conditionality or standardised Jobcentre engagement will not work in the same way across different local labour markets. Where demand is weaker, support needs to be matched with employer engagement, job creation, transport, skills and locally grounded provision.

¹²Q1 2026 job demand is based on January and February because March was unavailable at the time of analysis.

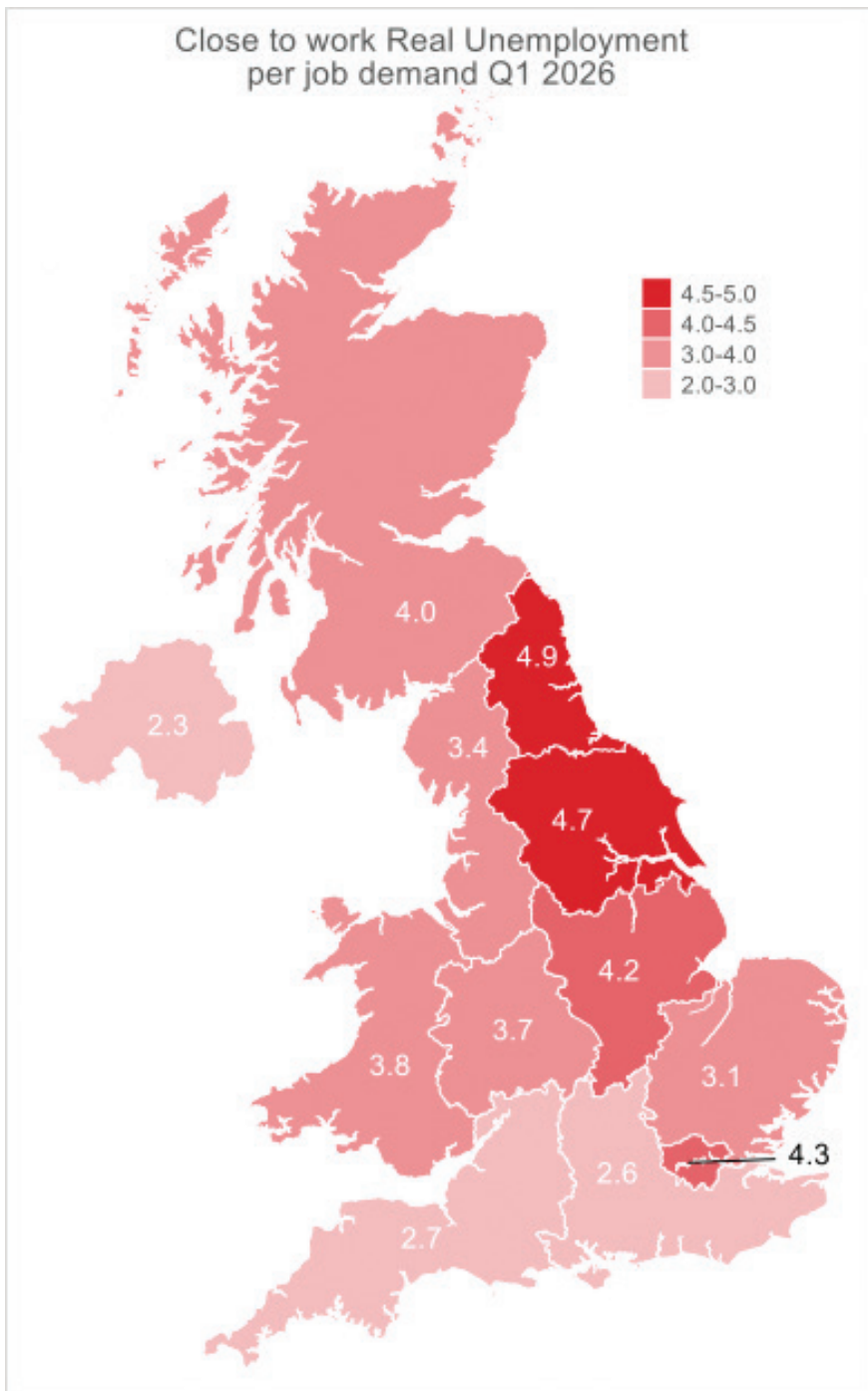


Figure 11 - Map of close to work real unemployment per measure of job demand by UK region, people aged 16-64, Q1 2026. Source: ONS LFS, Textkernel Job Demand and The Salvation Army's analysis. Map omits some small islands for readability, data represents the entire region.

The full regional breakdown is available in the accompanying Appendix 4 Excel workbook.

Underutilisation within the employed

Labour market underutilisation is not limited to people who are unemployed or economically inactive. A substantial number of people in work also want additional hours.

Around 2.9 million people in employment want and are available to work more hours, equivalent to 8.7% of people in employment. This is a change of +254,000 and +0.6 ppts compared with Q1 2025 (2.7 million, 8.0% of people in employment), and +489,000 and +1.1 ppts compared with Q1 2019 (2.5 million, 7.6% of people in employment).

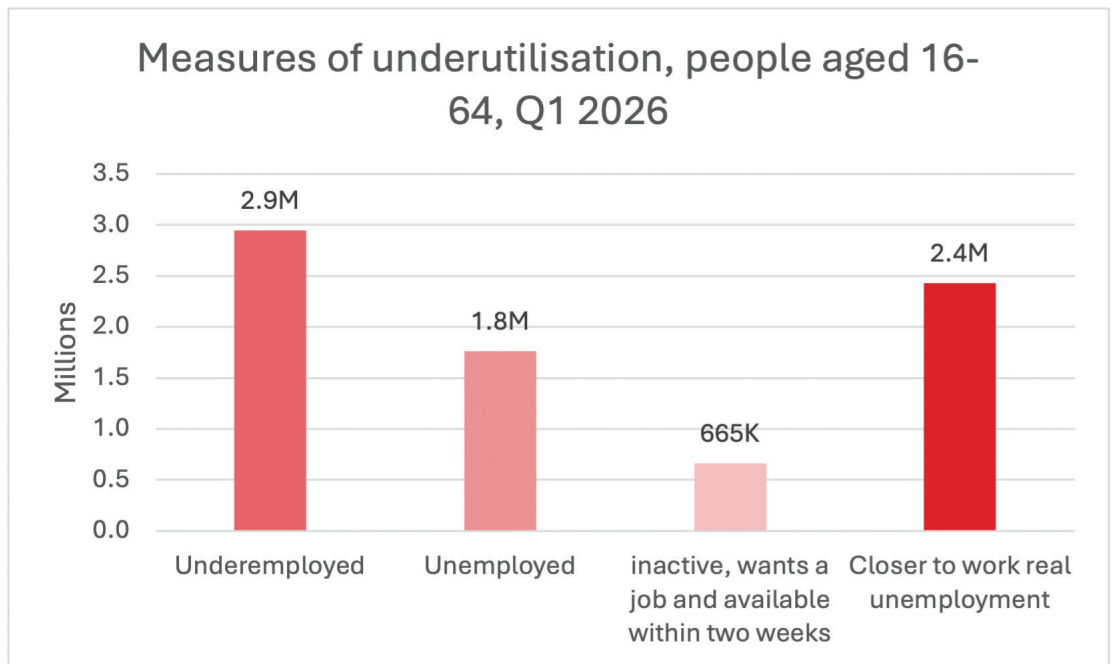
Underemployment overlaps with wider issues such as insecure work, variable hours, low pay

and limited progression. It also helps explain why employment alone does not always provide stability. Someone can be in work and still lack enough hours, income or security to build financial resilience.

The labour market challenge is about whether work is secure, sufficient and sustainable, not just moving from unemployment or inactivity into any job. Some people are in work but still cannot secure enough hours, stability or progression, others move into unsuitable or unsustainable work. This links directly to the poverty analysis that follows - moving people into work will not reduce poverty if the work available is insecure, low paid or insufficient.

Figure 12 - Underemployment among people aged 16-64, compared with unemployment, inactive people who want a job and are available within two weeks, and close to work real unemployment, UK, Q1 2026. Source: ONS LFS and The Salvation Army's analysis.

The full underemployment series is available in the accompanying Appendix 4 Excel workbook.



Work and Poverty

Employment is often presented as the main route out of poverty. It can improve living standards, but only where work is secure, sufficiently paid and offers enough hours.

Figure 13 shows poverty by labour market status over time. The HBAI series includes a break at 2021/22 because of administrative data linkage, so changes across the break should be interpreted cautiously. In the latest linked series, 11.4% of working-age people in employment were in poverty in 2024/25, compared to much higher rates among unemployed (58.1%), and economically inactive people, at (37.5%).

Because most working-age adults are in work, people in employment still make up almost half of working-age adults in poverty. We estimate that 45.9% of working-age adults in poverty are employed, compared with 9.8% who are unemployed and 44.3% who are economically inactive.

This means job entry alone is not enough. Outcomes depend on pay, hours, security, flexibility and progression. This is particularly important given the scale of underemployment identified in the previous section, with around 2.9 million people in work wanting and available to work more hours. »

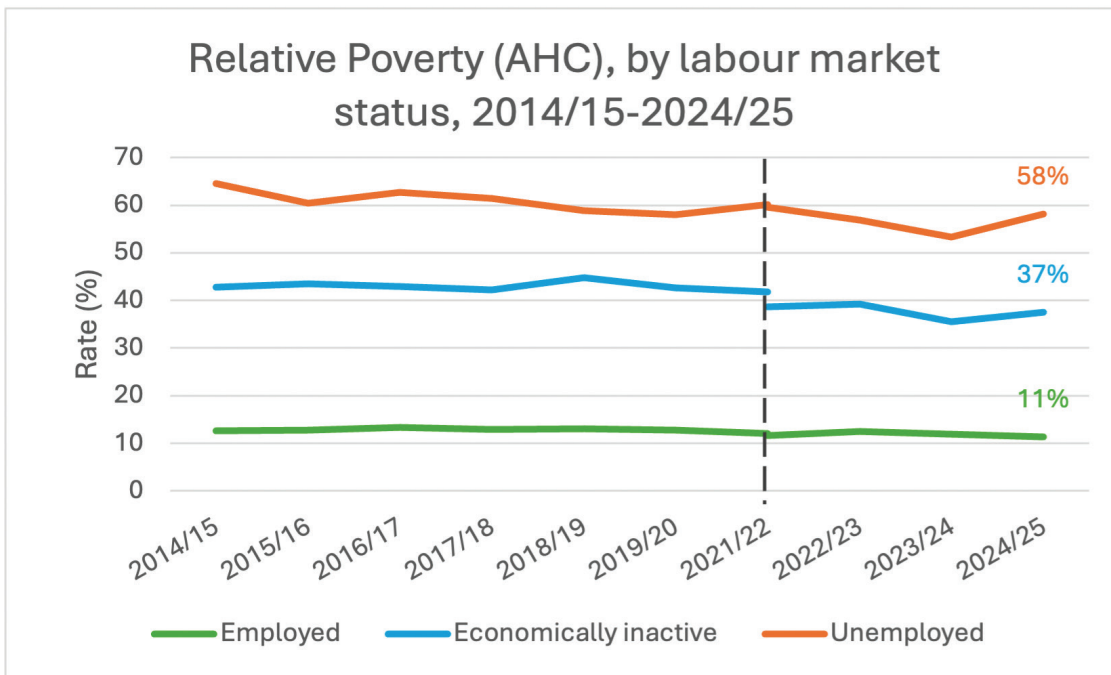


Figure 13 - Working-age poverty by labour market status, UK, financial years 2014/15 to 2024/25. Break shown at 2021/22 due to HBAI administrative data linkage. Source: DWP Households Below Average Income and The Salvation Army's analysis.

Gabriela: Bereavement, debt and rebuilding stability before work

After her husband died unexpectedly, Gabriela and her teenage son were left struggling to cover the basics. She had previously worked to support the family, but bereavement, depression, rent pressure and rising bills pushed them into hardship. At one point, her Universal Credit was almost entirely absorbed by rent, leaving very little for food and bills.

Employment Plus and wider Salvation Army support helped with food, clothing, debt and utility bills, budgeting, grants and support for her son to start work with dignity. Gabriela later passed her MBA with distinction and began preparing to look for work again. Her story shows how poverty can push work further away, and how practical, relational support can rebuild stability, confidence and hope.

» Figure 14 shows that poverty also varies within economic inactivity. Poverty rates are particularly high among those who are temporarily sick or injured, looking after family or home, students, and those in the “other” inactivity category. Poverty is also substantial among those who are long-term sick or disabled.

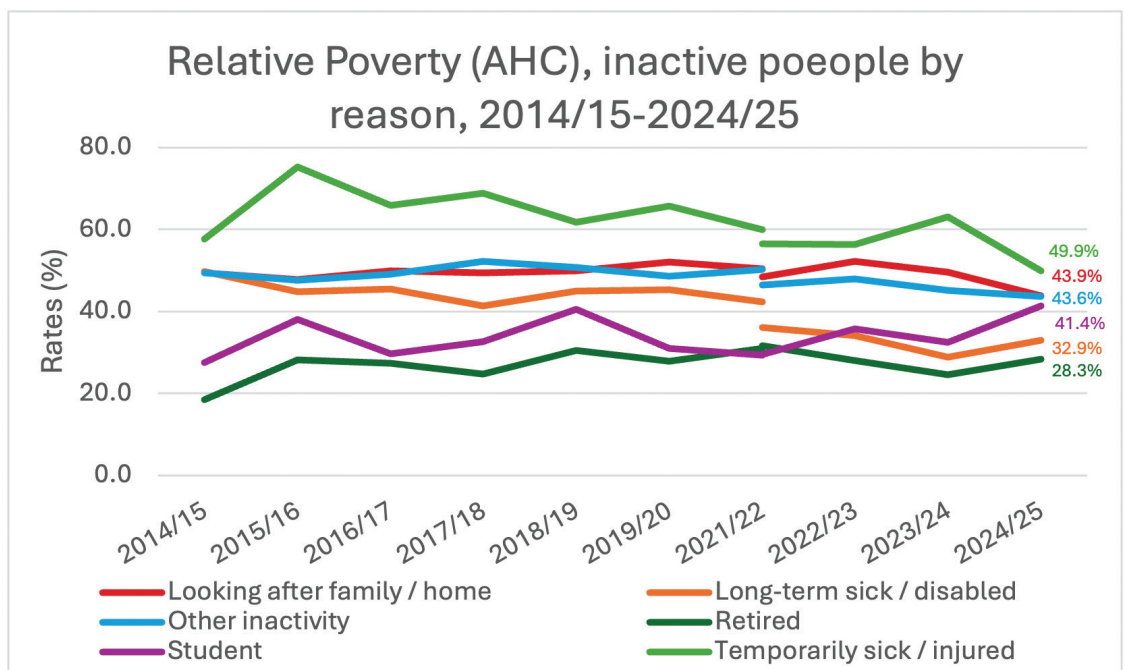
These figures show that poverty can increase distance from work as well as result from it. Low income, debt, poor health, insecure housing,

transport costs and lack of suitable childcare can all make it harder to look for work, move into work or sustain work once there.

Supporting people into work remains important, but the goal should be suitable, sustainable and sufficiently paid employment. A human capital approach should help people build stability, skills and confidence, rather than pushing them towards any job regardless of whether it improves their living standards.

Figure 14 - Working-age poverty among economically inactive people by reason for inactivity, UK, financial years 2014/15 to 2024/25. Break shown at 2021/22 due to HBAI administrative data linkage. Source: DWP Households Below Average Income and The Salvation Army’s analysis.

There is a break in the HBAI series due to administrative data linkage. The latest figures above use the linked series. The overlap year 2021-22 is available in both series for comparison.



Policy Direction of Government

UK employability and work participation policy, often linked to welfare policy, has evolved over many decades to increasingly focus on labour market participation, reducing economic inactivity, and strengthening conditionality. This reflects fiscal pressures, a rise in the economic inactivity rate post-pandemic, longer-term labour-market shifts linked to ageing and health, and a political emphasis on employment as a success metric.

Recent direction has been outlined in the *Get Britain Working White Paper (2024)*¹³, the *Pathways to Work Green Paper (2025)*¹⁴ (and Government response¹⁵), and the *Universal Credit Act 2025*¹⁶. The White Paper set out a national strategy focused on health-related inactivity, a Youth Guarantee in England, integrated employment-health support, local trailblazer areas, and nationally designed programmes such as Connect to Work (which built on earlier Universal Support proposals)^{17 18}. It also acknowledged that the existing system is too narrowly focused on unemployment and benefit compliance. The Green Paper proposed more specific welfare reforms, including changes to health-related Universal Credit elements, wider engagement expectations, the redeployment of Work Coaches to provide more intensive voluntary support to people with health conditions¹⁹, and the further scaling of Connect to Work.

The Universal Credit Act 2025 enacted part of this shift by requiring an increase in the standard allowance and a reduction in the health-related element for most new claimants from April 2026, with protections for existing and severe-condition claimants, implemented through secondary legislation²⁰. Government have since put the proposed changes to the health element of Universal Credit for under 22s and the PIP

eligibility tightening on hold while the Timms Review²¹ and Milburn Review²² complete, and have committed to voluntary support conversations and co-production of remaining reforms.

Some measures are more positive. The expanded Youth Guarantee, including Youth Hubs, the Youth Jobs Grant, apprenticeship payments, new work experience and training placements, and Jobs Guarantee phased roll-out from spring 2026²³, alongside the Milburn Review, reflects growing recognition that youth employment policy needs to address participation, health, education, skills and local support together. The local, wraparound model of this support package for young people is particularly welcome. The rollout of voluntary Pathways to Work advisers in Jobcentres and the Right to Try regulations are also positive. It is welcome that work or volunteering will not automatically trigger a reassessment by law. However, this is weakened by the stipulation that nature of work can still be considered evidence of a change in functional ability, potentially leading to reassessment²⁴. This may reduce fear to an extent, but it does not fully remove the risk that work or volunteering is treated as evidence of changed functional ability.

The employment-support elements broadly reflect evidence from supported employment and voluntary specialist programmes^{25 26 27 28}, which suggests that more personalised, trusted and intensive support can be effective for people facing complex barriers. Much of this evidence is based on smaller-scale or targeted programmes, and there is more limited evidence on how well these approaches translate at scale^{29 30 31 32}.

However, most of this support is delivered through the benefits system, Jobcentres and benefits-linked programmes, which are unlikely »

¹³Get Britain Working White Paper (DWP, 2024)

¹⁴Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper (DWP, 2025)

¹⁵Government Response to the Pathways to Work Consultation (DWP, 2025)

¹⁶Universal Credit Act (UK Parliament, 2025)

¹⁷Connect to Work Guidance (DWP, 2024)

¹⁸Press Release - Universal Support (DWP, 2023)

¹⁹Press Release - redeployment of 1,000 work coaches (DWP, 2025)

²⁰The Universal Credit and Employment and Support Allowance (Rates of Allowances) (Amendment) Regulations (UK Parliament 2026, SI 2026/113)

²¹The Timms Review (DWP, 2026)

²²The Milburn Review (DWP, 2026)

²³Press release - Youth employment support package (DWP, 2025) | Press release - work experience and training (DWP, 2026) | Press release - UK to roll out Dutch-style employment support across Britain (DWP, 2026)

²⁴Right to Try (DWP, 2026) | Advice for Decision Makers (DWP, 2026) | Letter to the Minister for Social Security and Disability (SSAC, 2026)

²⁵What works for whom in helping disabled people into work (DWP, 2013)

²⁶Evaluation of Access to Work Plus - Qualitative research with employees, employers and DWP staff involved in the Access to Work Plus Proof of Concept (DWP, 2025)

²⁷Work Choice impact evaluation (DWP, 2025)

²⁸What works to support disadvantaged groups towards employment? (DWP, 2025)

²⁹Individual placement and support for severe mental illness (NHS England, 2023)

³⁰Whitworth, A., Baxter, S., Cullingworth, J., and Clowes, M. (2024). 'Individual Placement and Support (IPS) beyond severe mental health: An overview review and meta-analysis of evidence around vocational outcomes Britain', *Preventive Medicine Reports*, 43, pp.1-12. <https://doi.org/10.1177/02690942231184815>

³¹Estimates of the impact of IPS over 12 months: Health-led Employment Trial Evaluation (DWP and DHSC, 2024)

³²WorkWell Pilots Evaluation Feasibility Study (DWP and DHSC, 2025)

» to reach all of the economically inactive that want to work. Employer-side reform is comparatively underdeveloped. The Mayfield Review (2025)³³ makes a case for greater employer responsibility, and the Government has signalled reform of Access to Work³⁴ and shared workplace-health obligations. Yet the Disability Confident scheme remains voluntary, and practical measures such as job carving, supported recruitment, or role redesign have seen limited progress at scale.

Our view on the direction of travel is mixed. We broadly welcome recognition of health-related inactivity, youth unemployment and the need for more personalised support. However, we are concerned with the continued reliance on benefits system engagement, nationally designed programmes and conditionality. The risk is that these reforms narrow access at the same time as the data in this report points to a wider and more varied group of people who want work.

While some initiatives, such as the trailblazers and Connect to Work, introduce elements of devolution, our early experience suggests this hybrid approach brings challenges. Responsibility is split across national and local levels, creating risks around consistency and accountability, while variation in delivery models and timelines is leading to uneven access across areas. There are also questions about how well programme design aligns with both the scale of need and current labour market conditions, particularly where approaches designed for small, targeted groups are being applied at much larger scale with limited employer engagement.

Employment support is becoming increasingly targeted at the groups most in need, but the way it is structured and delivered is narrowing the reach of that support. In this context,

flexible, locally commissioned provision, such as those delivered through ESF or UKSPF has played an important role in reaching people outside the benefits system and adapting to local labour market conditions. Losing this kind of provision risks leaving a gap that centrally designed or fragmented models are less well placed to fill.

Alongside these policy changes, the Government's *Get Britain Working: Labour Market Insights*³⁵ series and the establishment of the Labour Market Evidence Group³⁶ are welcome steps towards a stronger evidence base on labour market outcomes, including how these vary by place, age, health and conditionality group. The evidence base could be improved further if it drew more systematically on employability providers working intensively with people outside, or only loosely connected to, the benefits system.

Although many levers sit with the UK Government, delivery varies across England, Scotland, Wales and Northern Ireland. While institutional arrangements differ, the core challenges identified in this report (including hidden labour supply, labour market congestion, and the need for flexible, person-centred support) remain consistent across all four nations.

Labour market challenge, system reach and conditionality

Current policy assumes that inactivity is primarily a supply-side issue and that stronger activation will increase participation.

Earlier sections show that headline unemployment and the Claimant Count do not capture the full group of people who want work. They also show that benefit-system contact does not map neatly onto jobseeking. Some people in real unemployment report no benefit receipt, while others report benefit contact for reasons linked to sickness, disability, caring or other circumstances.

³³The Mayfield Review (DWP and DBT, 2025)

³⁴See Pathways to Work Green Paper | Access to Work Programme written question (UK Parliament, 2025) | Access to Work Scheme debate (Hansard, 2025) | Access to Work written question (UK Parliament, 2025)

³⁵Get Britain Working: Labour Market Insights (DWP, 2026)

³⁶Labour Market Evidence Group (2025)

This limits what can be achieved through a strategy built mainly around Jobcentre engagement, benefit conditionality and claimant status. It does not mean Jobcentre support is ineffective, but it does mean benefits based activation cannot be the only route into employment support. Recent DWP evaluation of additional Work Coach time for claimants aged 50 suggested extra time was valued by staff, but did not have a statistically significant impact on employment-related referrals or movements into work over 12 months³⁷.

A system built primarily around claimants therefore cannot fully reflect the wider pool of potential labour supply. Some people in real unemployment report no benefit receipt, while others report benefit contact for reasons linked to sickness, disability, caring or other circumstances rather than active jobseeking. These are self-reported LFS indicators rather than administrative benefit records, so they should be read as indicative. Even so, they support the wider finding that benefit-based employment support cannot be assumed to reach everyone who says they want work.

DWP's most recent Labour Market Insights release³⁸ underlines the limits of benefits system activation. In September 2025, 7.1% of Universal Credit customers in the 'Searching for work' regime (most closely aligned to the Claimant Count measure) moved into work, while 77.7% who were out of work six months earlier remained out of work throughout the following six assessment periods. This does not mean Jobcentre support is ineffective, but it shows that even for those already visible to the system, routes into work are not straightforward.

Within this group are people who both want to work and could start in the near term, representing an opportunity for more immediate

gains in labour supply. Others face more complex and overlapping barriers, including ill health, caring responsibilities, debt or homelessness, and require longer-term, coordinated support.

Conditionality operates within the UK benefits system and therefore only directly affects those who are already engaged with it. It can increase job search activity in some cases, particularly through the deterrent effect of the overall regime (intensified work search reviews, conditionality and sanctions boosted compliance and work entry for some who are closer to work and vacancies are available)³⁹.

Evidence on sustained employment outcomes is mixed and context-dependent - for example, sanctions are more often associated with benefit exits or short-term churn rather than progression into stable work or increased income⁴⁰. International quantitative reviews similarly show short-term employment gains in some European contexts but often at the cost of lower job quality, stability, and higher transitions to economic inactivity in the longer term⁴¹.

There is longitudinal evidence of financial hardship, adverse health impacts, and disengagement from the system, including increased poverty and destitution, mental health deterioration and 'survival crime' among vulnerable groups⁴².

Conditionality may increase job-search or benefit exits for some people closer to work, particularly where suitable vacancies are available. But the evidence on sustained outcomes is mixed, and stronger conditionality does little for people who are outside the benefits system or facing barriers that make immediate job search unrealistic. Its effectiveness is also constrained by local



³⁷Evaluation evidence from policies targeted at claimants aged 50 plus (DWP, 2026)

³⁸Get Britain Working: Labour Market Insights (DWP, 2026)

³⁹See footnotes of 1-5 of Benefit sanctions evaluation context note (DWP, 2023)

⁴⁰The Impact of Benefit Sanctions on Employment Outcomes: draft report (DWP, 2023)

⁴¹Pattaro, S., Bailey, N., Williams, E., Gibson, M., Wells, V., Tranmer, M., and Dibben, C. (2022). 'The impacts of benefit sanctions: a scoping review

of the quantitative research evidence', *European Journal of Public Health*, 32(Supplement_3), ckac129. <https://doi.org/10.1017/S0047279421001069>.

⁴²Dwyer, P., Scullion, L., Jones, K., McNeill, J., Stewart, A. and Wandner, S. (2018). *Welfare conditionality: final findings report*. York: University of York. Available at: https://www.welfareconditionality.ac.uk/wp-content/uploads/2018/06/40475_Welfare-Conditionality_Report_complete-v3.pdf

- » labour-market conditions, including whether suitable, secure and accessible jobs are available.

Changes to local employment support and delivery

Recent changes to funding and delivery risk widening this reach gap. Evidence from both national programmes and locally delivered provision shows that outcomes vary depending on the design and intensity of support⁴³. National programmes play an important role in supporting those closer to the labour market but are less well suited to individuals facing multiple or complex barriers^{44 45}. Some programmes for those with complex needs have better outcomes when support is voluntary rather than mandatory⁴⁶. JobsPlus is a recent example of this kind of voluntary, tailored and hyperlocal support being tested with people further from employment. Its findings are mixed but promising, with positive early signs around engagement and wider progress, though no statistically significant short-run impact on employment or benefit receipt⁴⁷.

Locally delivered provision, including that funded through the European Social Fund (ESF), has been shown to be more effective where support is tailored, intensive and responsive to local labour market conditions⁴⁸. Programmes funded through the ESF and later the UK Shared Prosperity Fund (UKSPF) have therefore played an important role in reaching people who are not well served by the benefits system, often through flexible, community-based provision.

From April 2026, UKSPF ends without a like-for-like replacement. It is replaced by the Pride in Place Programme, focused on a smaller number

of neighbourhoods, and the Local Growth Fund, which is largely capital-led and concentrated in fewer areas. Revenue funding for people-and-skills activity is reduced and less widely available.

This shift has implications beyond funding levels. It reduces the system's ability to draw on an established and experienced employability sector, including providers with specialist expertise, local knowledge, and trusted relationships with participants and employers. It also removes routes into support that sit outside the benefits system. Much of this locally delivered provision has engaged people who are not in regular contact with Jobcentres but who still want to work. As this reduces, fewer routes remain into support for this group, reinforcing the gap identified in this report.

Geography, local labour markets and delivery models

Labour markets are highly local. The availability, type and accessibility of jobs vary significantly by place, and the regional analysis in this report shows that close to work real unemployment does not sit evenly against job demand. In areas where suitable opportunities are limited, supply-side employment support will only go so far.

Employment support also varies geographically. Locally commissioned provision has often played a key role in reaching people who are not engaging with mainstream services and in providing more flexible, integrated support. More centralised models can support consistency and scale, but may be less responsive to local labour-market conditions. The balance between national consistency and local flexibility remains a key issue across all four nations.

⁴³Employment support (National Audit Office, 2021)

⁴⁴The Work Programme: A quantitative impact assessment (DWP, 2020)

⁴⁵Restart Scheme extension qualitative research (DWP, 2026)

⁴⁶Work and Health Programme evaluation: synthesis report (DWP, 2024)

⁴⁷Evaluation of the JobsPlus Pilot (Institute for Employment Studies and Learning and Work Institute, 2026)

⁴⁸Impact evaluation of the European Social Fund 2014-2020 programme in England (DWP, 2025)

Evidence from Employment Plus

The people supported by The Salvation Army's Employment Plus often face multiple and overlapping barriers to work, including homelessness, debt, poor health, caring responsibilities, digital exclusion and long-term disengagement from employment or jobseeking, and in some cases the benefits system.

Employment Plus provides locally embedded, time-intensive and relational support. Employability Practitioners offer voluntary, tailored and holistic support that looks beyond immediate job search to the wider barriers people face. The model focuses on stability, confidence and steady progression, helping people move towards work at a pace that reflects their circumstances. This enables Employment Plus to reach people who are not engaging with mainstream employment support or the benefits system.

Employment Plus operates across national programmes, local funding, Jobcentre referrals and independently funded provision (see Appendix 1: More about Employment Plus). This gives the service insight across both mainstream and locally delivered employment support, including support for people who are outside, or only loosely connected to, the benefits system.

Since Employment Plus launched in 2007, more than 100,000 people have been supported on their journey towards work. This includes helping people move into employment, start a structured support programme, build a CV, access training, take up work experience placements, or be signposted to other appropriate support.

In the 2025/26 financial year, Employment Plus recorded:

- **5,279 programme starts**, meaning people began a structured support journey.
- **13,977 milestones**, meaning steps towards work or stability that are not job entries. These include completing a CV, agreeing a work-focused action plan, starting training or taking up a work experience placement. One person can achieve more than one milestone.
- **1,137 job outcomes**, meaning people moved into work.
- **2,576 single enquiries**, where people came in for help and were signposted to appropriate support, such as foodbanks, dentists, social services or other practitioners.

This support was delivered across **570 settings**, including churches, Lifehouses and outreach settings, external locations such as Jobcentres and community hubs, and prisons.

Participant Feedback

Participant feedback is self-reported rather than formal monitoring data, but it gives useful insight into the barriers people present with and the support they value.

Across 2025-2026 data, participants described Employment Plus as offering more time, patience, encouragement and one-to-one support than they had experienced elsewhere. This included support with CVs, applications, interviews, digital skills, training and volunteering, alongside wider support with confidence, mental health, housing, benefits, debt and money management. Respondents



- » contrasted this with Jobcentre support, describing Employment Plus as more personalised, less pressured, and better able to address wider issues before focusing on job search.

Respondents reported a range of positive outcomes (see Figure 15, 499 respondents), including increased confidence or motivation (just under two-thirds), improved employability skills (just under two-fifths), and new skills (just under one-third). Importantly, participants also reported outcomes beyond employment itself, including accessing benefits they were entitled to, improving money management, securing more stable accommodation, improving relationships, and reducing debt.

Figure 16 outlines self-reported mental health

improvements since engaging with Employment Plus. Almost 95% of respondents (508) agreed or strongly agreed that their mental health had improved. This is reflected in write-in responses, where participants described feeling listened to, treated as a person, supported at their own pace, and helped to address problems affecting their ability to move towards work.

The feedback points to the value of support that is relational, voluntary and practical. Participants describe help with job search, but also with confidence, mental health, housing, benefits, debt and money management. This aligns with the wider evidence in this report: many people who want work need support before immediate job search is realistic, and some are not well reached by benefits based routes.



“I found visiting [Employment Plus] was more informal and less stressful as I had a longer time to talk about my week etc. I never felt pressured to apply for a job I felt I couldn't do, but to look at the positives I can do and build them up further.”

“I was not rushed into work but helped with other practical difficulties first and then encouraged to do things like help out at my local library to improve my self esteem and increase my chances of employment”

“[Employability Practitioner's name] helped with everything: my loneliness, completing alcohol diaries, building my confidence, helping me with white goods, sorting out debts”

“[Employability Practitioner's name] helped me with everything. I was homeless and had no job or money. Now I have my own home, I have a good job and I have started university.”

“[Employability Practitioner's name] took time and care to listen and understand the issues and worries and the patience to help work through it. Not feeling pressured to rush into doing things I wasn't ready for.”

“[Employability Practitioner's name] made me feel like I am not a failure. I can do better and I did find a job with her help!!”

Self-reported outcomes from Employment Plus support, 2025/26

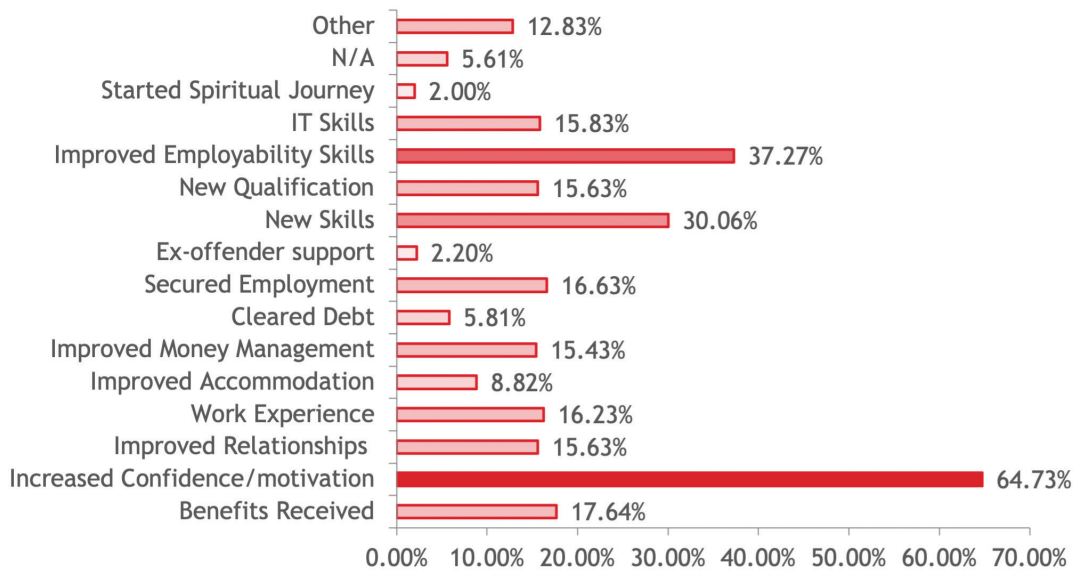


Figure 15 - Self-reported outcomes among Employment Plus participants, multiple choice, FYE 2025/26. Source: The Salvation Army's Employment Plus Participant Survey.

Mental health improvement among Employment Plus participants, 2025/26

■ Strongly agree
 ■ Agree
 ■ Disagree
 ■ Strongly disagree

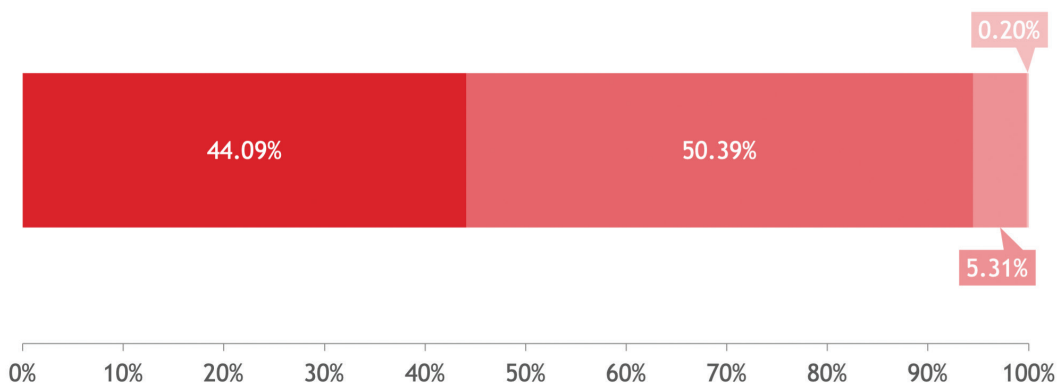


Figure 16 - Self-reported mental health improvement among Employment Plus participants, FYE 2025/26. Source: The Salvation Army's Employment Plus Participant Survey.

Policy implications

We welcome the Government's focus on tackling economic inactivity, particularly among young people and those with health conditions. The direction is right, but the evidence in this report suggests the response needs to be broader than benefits-led activation.

The findings point to five implications. First, policymakers need to look beyond headline unemployment and consider distance from work, reasons for inactivity, demographics and local labour demand together. Second, many people who want work sit outside the Claimant Count or are not in contact with the benefits system, so support must be available beyond benefits based routes. Third, labour markets

are highly local, so support needs to reflect local demand, transport, skills and employer conditions. Fourth, moving people into work must mean moving them into suitable, stable and sufficiently paid work. Finally, participation is both a supply-side and demand-side challenge - people need support, but they also need suitable jobs to move into.

Across the UK, delivery arrangements differ, but the underlying challenge is shared. Sustainable employment outcomes are more likely where support is locally grounded, services are integrated, readiness and stability are prioritised, and employment support is not driven solely by compliance.

Recommendations: reaching the right people with the right support

1. The Department for Work and Pensions (DWP) must take a human capital approach on compliance and greater emphasis on tailored and holistic support.
 - a. Employability support delivered by DWP should use the human capital approach, supporting people into quality work and not just any job and empower them to achieve a sustained improvement in their living standards through skills and personal development.
 - b. Separate employment support from benefits monitoring, allowing work coaches to focus on personalised job support rather than transactional processes like sanctions and benefits compliance.
 - c. Claimant Commitments should be tailored to individual circumstances from the outset, with a comprehensive initial assessment that identifies and addresses barriers to work before commitments are agreed. This will prevent unrealistic expectations that could derail a claimant's journey toward employment.
 - d. Enhance work coach training and service standards, ensuring they have the time, skills, and discretion needed to support individuals effectively.
 - e. Expand referral partnerships with third sector specialist employability providers to better support individuals with complex needs.
 - f. Modernise services by introducing hybrid support options (in-person appointments and remote options, such as phone calls, virtual meetings and online support) and removing outdated policies that exclude non-benefit claimants from receiving help.
2. The Department for Work and Pensions (DWP) must scale back sanctions and introduce safeguards given the limited evidence, particularly as it brings more vulnerable groups into the conditionality regime. Safeguards should include:
 - a. mandatory review of individual circumstances
 - b. assessment of local labour market conditions
 - c. clear justification of requirements
 - d. explicit consideration of income adequacy
3. Invest in local, specialist support through funds designed around lessons from the European Social Fund, the UK Shared Prosperity Fund, and the experience of providers delivering this support. The funding must:
 - a. be flexible and ringfenced for people and skills
 - b. have reasonable outcome targets and expectations
 - c. reach those outside mainstream systems
 - d. enable tailored specialist support for those with complex and/or multiple barriers
4. Strengthen demand side policies (including working with employers) to:
 - a. stimulate job creation, ensuring opportunities are geographically spread, suitable, and accessible to people with different needs, experience and skill levels
 - b. incentivise inclusive recruitment
 - c. support job design and job carving
 - d. improve job quality
 - e. expand training and access
5. Government should commission an inquiry at the highest level to establish the nature and extent of poverty, including the relationship between work, insecure employment, social security and living costs, and develop a cross-government plan to eradicate it.

Appendices

Appendix 1: More about Employment Plus

Employment Plus operates at the heart of communities in more than 500 locations across the United Kingdom. Employment Plus offers tailored support to help people become job ready and to sustain work in the long term. Through a compassionate and holistic approach, with wrap-around support, Employment Plus builds participants' confidence, soft skills, and wellbeing - empowering them to tackle some of the obstacles they face personally and professionally such as self-esteem, health issues, addictions, or debt.

Employment Plus has delivered multiple employability support contracts, working in partnership with local government, devolved powers, and DWP. We delivered Kickstart, the Work Programme, Work Choice, the Work and Health programme and Job Entry Targeted Support (JETS) programme on behalf of the DWP and received c£600,000 and c£2,000,000 of funding for the latter programmes respectively.

Until recently, we also delivered employability support through funding streams of ESF. Between 2014 and 2020, we received ESF grants totalling c£6 million. Our average cost per participant for an ESF programme is £991, with our Employability Practitioners maintaining a low caseload, the biggest single driver of successful outcomes.

Following the cessation of ESF funding, we have subsequently secured contracts under the UKSPF and the Job Centre Plus Dynamic Purchasing System to support this service, to the value of over £2,000,000 currently. UKSPF funding expired in March 2026. We continue to tender

for services under JDP DPS and are actively pursuing contracts such as the DWP's Connect to Work programme and the MoJ's Community Rehabilitation Services. These are in active tender and we will comment in 2026/27.

We also offer specialised employability support to adults with special education needs and disabilities at Strawberry Field in Liverpool, Hadleigh Farm Training Centre in Essex, and the George Steven Community Hub in Kilbirnie, Scotland.

Our Employability Practitioners thoroughly assess unemployed and economically inactive individuals that would like to find work, taking time to understand their personality and experiences, helping participants identify their goals and ambitions, and become work ready. Employment Plus participants are among the most marginalised in our society, with multiple and complex barriers. Spending time understanding each participant's situation, and having empathy, is vital to providing effective employability support. Our services include:

- One-to-one and group support through our Employability Practitioners
- Effective signposting to health and mental health services
- Building soft skills such as self-esteem, confidence, communication, time management, team-working, language proficiency, and problem solving
- Tailored training opportunities for hard skills from electrical safety testing to bike repairs
- Guidance for benefit queries
- Work placements and work experience
- Where appropriate, participants are offered opportunities to engage in our partners' programmes.

Appendix 2: Key Definitions

A2 Table 1 - Official Definitions

Economically Active	Also referred to as the labour force. This includes people who are <ul style="list-style-type: none">• in employment (an employee or self-employed)• unemployed, but waiting to start a job that had been offered and accepted• unemployed, but looking for work and could start within two weeks
Employed	Employment measures the number of people in paid work or who have a job that they are temporarily away from (for example, because they were on holiday or on maternity leave). This differs from the number of jobs because some people have more than one job.
Employment Rate	The employment rate is the proportion of people aged between 16 and 64 years who are in employment.
Underemployment	To be classified as underemployed, a person must be willing to work more hours, available to do so, and working below the specified hours threshold.
Unemployed	Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks.
Unemployment Rate	The unemployment rate is not the proportion of the total population who are unemployed. It is the proportion of the economically active population (people in work and those seeking and available to work) who are unemployed.
Claimant Count	The Claimant Count is an official statistic that measures the number of people who are receiving a benefit principally for the reason of being unemployed. Currently the Claimant Count consists of those receiving Jobseekers' Allowance, and Universal Credit claimants in the "searching for work" conditionality group.
Economically Inactive	People who are not in employment but do not meet the definition of unemployment. This is because they have not been seeking work within the last four weeks and/or they are unable to start work in the next two weeks.
Vacancies	Vacancies are defined as positions for which employers are actively seeking recruits from outside their business or organisation. The UK Government's Vacancy Survey gathers information from businesses to provide estimates of the stock of vacancies across the economy.
Job Demand	Job demand refers to employer demand for labour, measured using online job advertisements. It captures the flow of new hiring activity at a granular level by counting job adverts posted by employers over a given period and removing duplicated posts. It is best understood as a near real-time view of how actively employers are hiring across the economy.
Relative Poverty After Housing Costs (AHC)	Living in household with a net equivalised income below 60% of the median UK household income after deducting housing costs (rent, mortgage interest, water rates and structural insurance)

A2 Table 2 - Report Definitions

Real Unemployment	People who are officially unemployed plus people who are economically inactive but say they would like a job. Underemployment is analysed alongside this, not inside the headline real unemployment total.
Distance from work	A report measure describing how close economically inactive people who want work appear to be to employment, based on availability to start work and expectations of future work.
Available within two weeks	Economically inactive people who want a job and say they could start work within two weeks. This is one indicator of closeness to work, but does not make someone officially unemployed unless they are also actively seeking work.
Additional group expecting work within one year	Economically inactive people who want a job who are not already counted in the available-within-two-weeks group, but expect to work within one year.
Additional group expecting work in one to five years	Economically inactive people who want a job who are not already counted in the closer groups, but expect to work in one to five years.
Further from work or timing unclear	Economically inactive people who want a job who are not available within two weeks and are not captured in the additional one-year or one-to-five-year groups. This includes people who do not know when they expect to work, expect work only after five years, do not expect to work, or have missing timing information.
Close to work real unemployment	Official unemployment plus inactive people who want work and are available within two weeks.
Within-one-year real unemployment	Close to work real unemployment plus the additional inactive wants work group who expect to work within one year.
Within-five-years real unemployment	Within-one-year real unemployment plus the additional inactive wants work group who expect to work in one to five years.
Not in Employment Education or Training (NEET)	Young people aged 16 to 24 who are not in education, employment or training. In the LFS microdata, this is constructed using age, whether the person is not in education or training, and whether they are not in employment. This broadly follows the official NEET concept, but the report uses LFS microdata to examine NEET young people by labour market status, whether they want work, disability, distance from work and selected forms of benefit support. Because these are detailed subgroup estimates, they should be treated as indicative where sample sizes are small.
Selected forms of benefit support	This report uses an LFS-based indicator of selected forms of benefit support to estimate whether people in different labour market groups are in contact with parts of the benefits system. This is broader than the Claimant Count and includes selected benefits such as Universal Credit, Housing Benefit, tax credits, Income Support, Jobseeker's Allowance, sickness or disability benefits, and Carer's Allowance. It should not be interpreted as the official Claimant Count.
LFS unemployment related benefit claim proxy	The report also uses an LFS unemployment related benefit claim proxy for some subgroup analysis. This is based on LFS questions about unemployment related benefit receipt. It is useful for examining groups that cannot be identified directly in Claimant Count administrative data, but it is not the official Claimant Count.
Not-in-work benefit claim main reason	The report uses an LFS variable on the main reason for claiming out of work benefits among people not in employment. This is used to understand the type of benefit-system contact among unemployed and economically inactive people, including whether the reported main reason is jobseeking, sickness or disability, caring, lone parent status, or another benefit-related reason.
LFS pooled estimates	Estimates based on pooled Q1 LFS microdata, used to reduce volatility in smaller subgroup analysis. These are treated as broad patterns rather than precise margins.

Appendix 3: Technical Methodology

This report combines published labour market statistics, Q1 Labour Force Survey (LFS) microdata, administrative indicators, labour demand measures and Households Below Average Income (HBAI) poverty data. The population of interest is the working-age population aged 16 to 64.

The headline framework follows the approach set out in our 2024 and 2025 Real Unemployment reports. Real unemployment is defined as the sum of two groups: people who meet the ILO definition of unemployment, and people who are economically inactive but report that they would like a paid job. In the LFS microdata, unemployment is identified by ILODEFR == 2, while inactive people who want a job are identified by ILODEFR == 3 and LIKEWK == 1. Underemployment is analysed separately from this headline measure.

The design has two main elements. First, published ONS labour market series are used for the core headline levels and rates, including unemployment, economic inactivity, inactive people who want a job, and the main published reason categories where these are available in the official series. Second, Q1 LFS microdata for 2014 to 2025 are used to derive indicators that are not available in the headline published data, and to estimate subgroup composition within the broader out of work population.

Q1 data is used because this microdata contain the information needed to examine distance from the labour market among inactive people who want a job. This includes whether respondents could start work within two weeks (START), whether they think they will work in the future (FUTWK), and, among those expecting to work, when they think that return to work may happen (FWKWEN).

These variables are overlapping indicators of labour market attachment rather than a set of mutually exclusive categories. A respondent can be economically inactive because they are not actively seeking work, while still wanting a job, being available to start within two weeks, and expecting to work in the future. The report uses cumulative union measures when presenting

distance from work. These measures are nested, so each broader category includes the previous narrower one, but they are constructed using union logic to avoid double counting people who are both available and have an expected timing response.

These microdata indicators are used to examine labour-market proximity within the inactive but wants a job group and, by extension, within real unemployment. Some people outside official unemployment are close to work in practical terms, while others face constraints that place them further away. The purpose of the distance from work analysis is to uncover that variation rather than treat inactivity as a single category.

All substantive LFS estimates are weighted using the relevant ONS person weight. Unweighted counts are retained for quality checks and for small-cell flagging. Within the project workflow, subgroup outputs are flagged where the unweighted base or event count falls below 30.

The analysis is designed around the current LFS quality issues to enable meaningful interpretation. Q1 microdata is pooled rather than single-year averages to enable subgroup estimates. Detailed proportions are estimated from pooled Q1 shares and then applied to the latest published aggregate data. This keeps the report aligned with the official headline labour market picture while reducing the influence of wave-specific volatility in smaller groups.

Appendix tables are reported across two comparison windows - a pre-discontinuity period and a post-discontinuity period. These splits are included so that readers can inspect how stable the pooled distributions are across different parts of the series.

Unemployment duration is analysed using DURUN2 as it provides more detailed duration categories, including separate 12 to 18 month and 18 month to two year groups. Detailed DURUN2 categories are retained in the outputs, while the main report groups duration into broader categories for readability.

Reasons for inactivity are based on the ONS LFS inactivity-reason variable NOLOWA01. In the detailed outputs, the underlying coded categories are retained. These distinguish



» waiting for results or already having obtained a job, student status, looking after family or home, temporary sickness or injury, long-term sickness or disability, discouragement, not yet having started looking, not needing employment, retirement, and other or uncategorised reasons. In some report-facing tables and charts, these categories are grouped into broader classes for presentation. Among inactive people who want a job, the grouped outputs centre on student status, caring, temporary sickness, long-term sickness, discouragement and a broader other category.

Subgroup analysis is carried out for sex, age, combined sex-by-age groups, disability, NEET status, benefit-support status and, where sample size permits, region. Disability analysis is based on the GSS harmonised disability measure (DISEA). NEET analysis combines age, education and training status and non-employment, so a person classified as NEET is always either unemployed or inactive.

Benefit-support indicators are derived from the relevant benefit variables in each year of the LFS. Post-2015 estimates use the BENTYP variables. The 2014 data use the older legacy-benefit variables. The resulting indicators allow the report to estimate support receipt within inactive people who want a job, real unemployment and selected subgroups.

These indicators are described as selected forms of benefit support and should not be interpreted as the Claimant Count. The Claimant Count used in the headline analysis is taken from official administrative data. For subgroup analysis, the report also derives an LFS unemployment related benefit claim proxy, using CLAIMS in 2014 and CLAIMS14 from 2015 onwards. This is used only as a proxy for subgroup analysis where the administrative Claimant Count cannot identify the relevant group directly.

The report also uses OOBEN to examine the main reported reason for claiming out of work benefits among people who are unemployed or economically inactive. In the project outputs this is labelled as 'not-in-work benefit claim main reason'. It provides context on whether

benefit-system contact is linked to jobseeking, sickness or disability, caring, lone parent status or another benefit-related reason.

Underemployment is estimated from the LFS microdata using an ONS-aligned proxy. A respondent is counted as underemployed if they are employed, want more hours through one of the recognised routes, are available to work longer hours within two weeks, and are below the relevant hours threshold. The 'wants more hours' condition is met if the respondent says they would like longer hours in their current job (UNDEMP == 1), is looking for an additional job (ADDJOB == 1), or is looking for another job because they want longer hours (LOOKM111, LOOKM112 or LOOKM113 equal to the relevant code). Availability for longer hours is captured by UNDST == 1. The hours threshold is age-specific: up to 40 hours for those under 18 and up to 48 hours for those aged 18 or over. Underemployment is reported alongside real unemployment to show labour slack within employment as well as outside it.

Regional estimates are included on a cautious basis. The regional outputs are useful in showing broad geographical variation, but they are derived from smaller effective sample sizes once the data are split by region and, in some cases, by subgroup. For that reason, the regional analysis is intended to show relative scale and pattern, not finely measured differences between places. A fuller regional treatment would require the Annual Population Survey.

Labour demand is measured using both vacancies and job demand. Vacancies provide the longer-run stock measure of unfilled jobs. Job demand, based on deduplicated online job advertisements, provides a flow measure of current recruitment activity over a shorter horizon. The report uses both because each captures a different aspect of demand conditions. Comparing out of work labour supply only to vacancies would understate some aspects of current hiring weakness, while relying only on online job demand would sacrifice the longer-run benchmark.

The work and poverty section is methodologically

separate from the LFS-based real unemployment analysis. It uses HBAI data by labour market status and by reason for inactivity. That series contains a break linked to administrative data linkage. The latest figures use the linked series, and 2021 to 2022 is retained as the overlap year for comparison across the break.

Interpretation varies by output. The strongest results are the main UK headline levels, ratios and broad shares, especially where published ONS series and large-sample microdata estimates point in the same direction. More caution is needed for finer subgroup breakdowns, distance from work splits, disability-specific estimates, NEET composition and regional estimates. These are included because they add substantive information on composition and labour-market attachment, but they should be read as evidence on pattern and relative scale within the data rather than precise estimates.

The main LFS variables used in this analysis are: ILODEFR for labour market status; LIKEWK for inactive people wanting a job; START, FUTWK and FWKWEN for availability and expectations; NOLOWA01 for inactivity reasons; DURUN2 for unemployment duration; DISEA for disability; AGE, NET and ILODEFR for NEET status; BENTYP variables for selected forms of benefit support; CLAIMS and CLAIMS14 for the LFS unemployment related benefit claim proxy; OOBEN for not-in-work benefit claim main reason; UNDEMP, ADDJOB, LOOKM111 to LOOKM113, UNDST, SUMHRS and AGE for underemployment. In the project outputs, n_ variables refer to unweighted counts, s_ variables to weighted shares or estimates, and flag_ variables to small-sample flags.

The analysis is descriptive. Its purpose is to estimate the scale of labour market slack beyond official unemployment, describe the composition of that broader group, and examine how far different groups are from work under current labour market conditions.

Generative AI was used as a coding support tool to check and refine Stata syntax, troubleshoot coding issues, and structure quality-assurance checks. No raw LFS microdata were shared.

Appendix 4 - Data Tables

Appendix 4 is available as an accompanying Excel workbook and contains the full data tables supporting the figures and headline estimates in this report:

- A4 Table 1 summary series estimates
- A4 Table 2 summary 2014 Q1 - 2018 Q1 estimates
- A4 Table 3 summary 2019 Q1 - 2025 Q1 estimates
- A4 Table 4 inactivity reasons estimates
- A4 Table 5 inactivity reasons by sex and age estimates
- A4 Table 6 distance from work, inactive wants a job and real unemployed estimates
- A4 Table 7 unemployment duration estimates
- A4 Table 8 NEET estimates
- A4 Table 9 Disability estimates
- A4 Table 10 Regional estimates
- A4 Table 11 Underemployment estimates
- A4 Table 12a Reported benefits claimed estimates
- A4 Table 12b Reported main reason for claiming benefits estimates