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NEET forecasting brief: four-quarter forward-looking signals about likely movements in NEET rates

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Overview

Around one in eight young people in the UK is currently not in education, employment or training (NEET), making timely evidence on how NEET rates may evolve increasingly important.

This short report summarises the key findings from modelling work commissioned by Youth Futures Foundation and undertaken by National Centre for Social Research which created a forecasting tool designed to provide four-quarter-ahead signals about the likely trajectory of NEET rates. It also presents the implications for informing decision-making.

The tool is built primarily on the Labour Force Survey (LFS), the most widely used and officially recognised source of NEET statistics in the UK and is designed to enable new forecasts each quarter as new LFS data are released. To strengthen confidence in its predictions, the tool additionally draws on survey and administrative data from two complementary datasets to ensure the forecasts reflect underlying NEET trends.

Among the variables considered, unemployment rate, GDP and disability rate consistently improved short-term forecast accuracy across the models tested. These three factors were used in the final forecasting model. Adjusting for recent differences in reported NEET rates between LFS and the longitudinal study Understanding Society further strengthens forecasting accuracy, and the model therefore incorporates this as a fourth factor. The model forecasts that NEET rates will remain high through 2026 Q3 to 2027 Q2, with seasonally adjusted estimates ranging from 12.9% to 13.2% across the four quarters (Figure 1 and Table 1).

This report presents a summary of how the tool was built, what it currently forecasts, and how it should be used, focusing on headline results and implications for decision-making.

For a more in-depth details on the data sources, modelling approach, diagnostics, and limitations as well as the series of analysis scripts for the statistical software R that enable the full forecasting process to be repeated in the future, see the technical annexe report.

The current NEET challenge

Persistently high rates of young people not in education, employment or training (NEET) present a challenge for policy and practice across the UK. Throughout 2026, the Independent Review of Young People and Work led by Alan Milburn has been investigating the rising number of NEET young people. At the same time, the Work and Pensions Committee have been conducting their inquiry examining the causes and impacts of the NEET crisis and measures to fix it. Against this backdrop, timely, credible, and forward-looking intelligence on NEET rates has never been more important. However, while headline NEET rates are routinely monitored, they are typically reported with a lag and only describe what has already happened. This limits the ability of policymakers, funders and delivery organisations to anticipate emerging risks and respond early.

This report presents a NEET forecasting tool designed to address this gap. It sets out a method for forecasting NEET rates using **Labour Force Survey (LFS)** data, the most widely used and officially recognised source of NEET statistics. **The Understanding Society (USoc)** survey and the **Longitudinal Educational Outcomes (LEO)** linked administrative data provided complementary cross-checks, testing the robustness of findings and informing variable selection.

The tool provides short-term forward-looking signals about likely movements in NEET rates over the coming year. It is designed to support policy makers and researchers seeking early indications of rising or sustained risk, funders and strategic bodies making planning and resource allocation decisions, and analysts requiring transparency around methods and assumptions. These signals can help inform planning, prioritisation, and scenario testing, particularly fiscal planning and the investment needed to address the NEET challenge. Where forecasts point to continued or persistently high NEET levels, this, too, carries direct policy relevance: it signals sustained pressure on systems supporting young people and the need for ongoing, rather than one-off, intervention.

Forecasting and triangulation approach

We used a Seasonal Autoregressive Integrated Moving Average with eXogenous variables (SARIMAX) model. This forecasting approach learns from historical patterns in NEET rates, including how rates have changed over time and across seasons, and uses these patterns to project future trends. It then refines these projections using economic and labour market indicators that have been shown to improve short-term forecasting accuracy. These indicators adjust the forecast up or down to reflect current and expected future economic conditions. The indicators were selected based on both their theoretical relevance and their consistent contribution to forecast accuracy across all three datasets.

After conducting SARIMAX forecasting separately for each of the three datasets, triangulation was begun. The triangulation process led to four key refinements:

- **Variable selection was guided by cross-dataset consistency.** The exogenous variables retained in the final model—unemployment rate, disability rate, and GDP—are those that contributed to forecast accuracy reliably across LFS, USoc, and LEO models, rather than performing well in a single dataset by chance. This consistency across datasets provides greater confidence that the selected exogenous variables are useful for forecasting NEET rates and that the results are not solely dependent on the characteristics of one data source.

- **The USoc–LFS NEET deviation was incorporated as an additional variable,** allowing the model to account for periods when the two sources diverge, a vulnerability of relying solely on LFS data, which is often scrutinised due to recently reported data quality issues.

- **The validation window was updated to focus on the post-COVID period,** ensuring the model's assessed performance reflects current NEET dynamics rather than a historical average that includes the pandemic disruption.

- **Sensitivity plots were added** to make visible the additional uncertainty introduced when future values of some exogenous variables, such as the disability rate, are themselves modelled rather than observed.

Factors associated with short-term NEET trends

The four factors included in the final forecasting model are:

- **Unemployment rate:** The share of adults aged 16 and over in the UK who are out of work and actively seeking employment, drawn from the LFS. Although not youth specific, movements in general unemployment reliably signal broader labour market pressures that also affect young people's opportunities to enter or remain in work.

- **GDP:** The Total Production Index of the UK, demonstrating the gross value added in the production and manufacturing sectors, was used as a measure of aggregate economic output. When the economy contracts, opportunities for young people, who are disproportionately concentrated in entry-level and flexible roles, tend to shrink. Forward projections were sourced from the Bank of England Monetary Policy Report.

- **Disability rate:** The proportion of working-age people with a disability or mental health condition in the UK, drawn from the LFS. Its sustained rise in recent years tracks closely with NEET rates, and the series is published quarterly, making it suitable for near-term forecasting. As no publicly available forecast exists for this series, future values were estimated using a statistical (ARIMA) model fitted to the historical data.

- **Difference in NEET rates between USoc and LFS:** When the two surveys diverge in how they estimate NEET rates, this tends to signal measurement noise or coverage gaps in the LFS. Including this difference as an exogenous variable allows the model to self-correct during periods when LFS estimates may be less reliable. Values were produced by calculating the difference in the reported LFS and derived USoc NEET rates at each quarter.

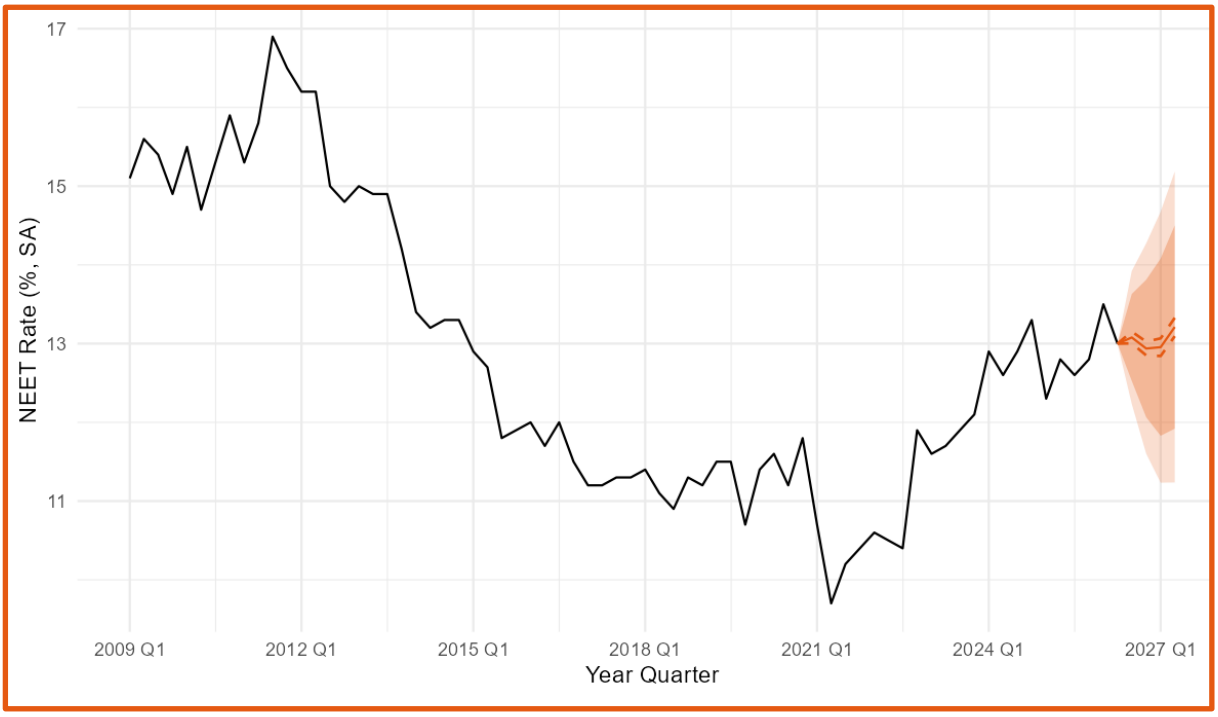
Factors that are known to be important at the individual level did not necessarily emerge as strong signals in short-term aggregate forecasting. For example, educational attainment has a well-established causal relationship with NEET risk (Gladwell, Popli, & Tsuchiya, 2022), yet this factor did not reliably improve forecasting accuracy. This may be because attainment changes slowly and gradually and therefore adds little to a model designed to detect quarter-to-quarter movements.

Forecasted NEET rates of final model

This final model forecasts that NEET rates will remain elevated over 2026 into 2027, with seasonally adjusted point estimates ranging from 12.9% to 13.2%, the rate follows a strong and regular yearly cycle, peaking in the July–September quarter. (Figure 1, Table 1). To assess the performance of the final model, a mean absolute percentage error (MAPE) score was produced; this shows how close the model's forecasted values were to reported values. The final model achieved an MAPE of 4.9%, a meaningful improvement on the 6.2% error of the pre-triangulation LFS model. This demonstrates that the triangulation process produced a materially more accurate forecast, not just a more theoretically defensible one.

Forecasts are provided in both seasonally adjusted and non-seasonally adjusted formats, to enable comparisons with ONS published NEET figures and other publicly available estimates.

Figure 1. Plotted Seasonally Adjusted, Forecasted UK NEET Rates of Final Model



Source: Data for 2009 Q1 to 2026 Q2 are from the Labour Force Survey seasonally adjusted estimates of NEET rates. Data for 2026 Q3 to 2027 Q2 are seasonally adjusted forecasts produced by the report

authors. Shaded areas represent 80% and 95% forecast intervals. The model contains unemployment, GDP, USoc and LFS variation, and lagged disability rate. Dashed lines show forecast NEET rates under three disability rate scenarios: the central ARIMA forecast of the disability rate, and the lower and upper bounds of its [80/95]% forecast interval.

Table 1. Seasonally Adjusted Forecasted UK NEET Rates from the Final Model

Time Point	NEET Rate	80% lower	80% upper	95% lower	95% upper
2026 Q2 (reported)	13.0	-	-	-	-
2026 Q3 (forecasted)	13.1	12.5	13.6	12.2	13.9
2026 Q4 (forecasted)	12.9	12.1	13.8	11.6	14.3
2027 Q1 (forecasted)	13.0	11.8	14.1	11.2	14.7
2027 Q2 (forecasted)	13.2	11.9	14.5	11.2	15.2

Source: Reported value for 2026 Q2 taken from the Labour Force Survey; values taken from 2026 Q3 to 2027 Q2 taken from the authors' calculations. The model contains unemployment, GDP, USoc and LFS deviation, and lagged disability rate.

Key limitations and cautions

Several important limitations should be borne in mind when interpreting the forecasts:

- **Not all relevant factors could be included.** Some factors known to influence NEET status, such as local programme availability, individual educational engagement, or policy-specific interventions, are not available at quarterly frequency, lack reliable forward projections, or would introduce endogeneity (where a variable is closely tied to the outcome itself, making cause and effect hard to separate). The model, therefore, captures key macro-level signals rather than the full range of drivers.

- **Data quality considerations.** The LFS experienced well-documented data quality challenges during and after the COVID-19 period, including increased attrition and changes in fieldwork methods[1]. These issues are partly mitigated by the model's use of the divergence between LFS and Understanding Society NEET estimates as a corrective signal, but they cannot be eliminated entirely, and may contribute to additional volatility in the forecast series. LEO data was only available up to 2018 Q1, and there were some concerns about accurate NEET derivation arising from higher education figures in recent years (see Section **Error! Reference source not found.** for further context).

- **Stability of relationships**. The models assume that structural relationships observed in historical data continue into the near future. Major economic shocks, policy changes, or structural shifts in the labour market could alter these relationships and affect forecast accuracy. As a result, forecast accuracy will remain high insofar as current conditions persist, and lower to the degree that they do not. The model is not designed to anticipate turning points or structural shifts that have no precedent in the historical record.

- **Additional uncertainty of forecasted EVs**. For some of the exogenous variables, such as disability, forecasted values were produced using an ARIMA model, as no suitable, publicly available values could be sourced. These ARIMA forecasted values introduce an additional source of uncertainty into the final forecast. While this was not accounted for in the pre-triangulation forecasts, this additional uncertainty is visualised in the plotted forecasts of the final model as dashed lines around the forecasted values.

[1] For more information on LFS performance and quality, please find the regular monitoring reports here: Labour Force Survey performance and quality monitoring reports - Office for National Statistics

Conclusion and recommendations

This research demonstrates that short-term NEET forecasting is both achievable and policy relevant. By drawing on consistent signals from three complementary datasets and focusing on factors with demonstrated forecasting power, the analysis produced forward-looking signals that are more robust than any single model or dataset could provide alone.

The current forecasts point to NEET rates remaining elevated throughout 2026 and into 2027, with seasonally adjusted estimates ranging from 12.9% to 13.2%. At a time when the Government has commissioned an independent review of youth inactivity and pressure on services supporting young people remains high, this kind of forward-looking intelligence fills a meaningful gap in the evidence base.

A forecasting tool has been prepared for Youth Futures Foundation, built in the statistical software R. The tool enables the forecasting process to be rerun each quarter as updated LFS data become available, producing new four-quarter-ahead estimates with associated uncertainty intervals. Its recommended use is as one source of intelligence among others: an evidence-based input to planning and resource allocation decisions, interpreted alongside current economic conditions and expert judgement, rather than as a definitive projection.

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- Peter Dixon (National Institute of Economic and Social Research) undertook the final technical review, examining the code and critically appraising the methodology in relation to the outputs.
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