

# Double trouble

Exploring the labour market and mental health  
impact of Covid-19 on young people

Rukmen Sehmi & Hannah Slaughter

May 2021



## Acknowledgements

This report is part of the Young People's Future Health Inquiry which is generously funded by the Health Foundation. The authors would like to thank Martina Kane of the Health Foundation for her stewardship and support; and the Inquiry's Advisory Board, Fellows and Youth Panel for all their helpful comments throughout the development of this report. In addition, we are grateful to colleagues at the Resolution Foundation for their guidance, in particular Lindsay Judge, Kathleen Henehan, Torsten Bell and Mike Brewer. All errors remain the authors' own.

This report uses data from an online survey conducted by YouGov and funded by the Health Foundation in January 2021. The total sample size was 6,389 18-65-year-olds. Fieldwork was undertaken online during 22-26 January 2021. The figures have been weighted and are representative of all UK adults (aged 18-65) according to age, gender, and region. The figures presented from the online survey have been analysed independently by the Resolution Foundation. The views expressed here are not necessarily those of the Health Foundation or YouGov.

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## Executive Summary

The Covid-19 crisis has brought the plight of young people into sharp focus. The pandemic has upended their economic security to a far greater extent than it has for older age groups, and has had a disproportionate impact on their mental health. In both respects, however, the last year is an exaggeration of longer-term trends: pre-crisis, young people were more likely to be in an insecure job, and substantially more likely to have a mental health problem than ten years before. The negative effects of the crisis may be short-lived for some as the economy recovers, social restrictions ease and society reopens. But for others, the impact of the pandemic could persist in some form, driving down living standards in the process.

This report marks the beginning of a three-year programme of Resolution Foundation research, supported by the Health Foundation and exploring the interaction between young people's labour market and mental health outcomes. Over the course of this programme we will unpick the complex and bi-directional relationship between the two, always with an eye to policy solutions. We begin with this launch paper in which we examine how young people have fared over the pandemic period. Crucially, we look back, examining the structural changes over the past 20 years that made young people especially vulnerable to the current crisis; and look forward, identifying risks young people face in the wake of the monumental shock that has been Covid-19.

## Insecure working and mental health problems were on the rise for young people in the pre-pandemic years

Young people today are the first post-war generation to have seen slower earnings growth relative to their parents. That is not to suggest, however, that there have been no generation-on-generation gains when it comes to labour market outcomes. To begin, young people (and especially women) are building up their human capital in greater numbers today than in the past: in 2019, close to one-in-three (32 per cent) 18-24-year-olds were still studying full-time, compared to less than one-quarter (24 per cent) at the turn of the century. Likewise, on the eve of the pandemic, youth employment rates were relatively high (although we note a drop-off in the last two decades in the share of young people who work and study simultaneously). On the other hand, some problems have proved more intractable: the share of young men not in employment, education or training (NEET) remains stubbornly high for example (12 per cent and 13 per cent in 2000 and 2019 respectively).

There have been other more ambiguous changes in the labour market over the past decades, most obviously the rise in atypical forms of work such as agency contracts in the wake of the 2008 crisis. Young people were 60 per cent more likely to be in insecure forms of work such as agency work and temporary jobs on the eve of the crisis than in 2000 (with rises in every form of insecure work that we looked at), while the rate of insecure work for older age groups has barely changed. Of course, the flexibility afforded by atypical work may be valued by some young people (students, for example). Nonetheless, in 2019, 13 per cent of 18-24-year-olds were in insecure work and indicated they would prefer other forms of working (permanent rather than temporary work, for example, or an employee role rather than self-employment), up from 6 per cent in 2000.

Alongside these structural shifts in the labour market, the last two decades have seen a growing mental health crisis among young people. In 2000, 18-24-year-olds had the lowest incidence of any age group when it came to common mental disorders (CMDs) such as anxiety and depression. That picture has



inverted over time: in 2018-2019, 30 per cent of young people had a CMD, up from 24 per cent in 2000 and overtaking every other age group in the process. Changes in the share of young people in work and study provide limited explanation as to why they have experienced worsening mental health over this period. But whatever the reason for this secular trend, it is clear that on the eve of the pandemic young people were far more vulnerable to mental health problems than two decades before.

### The Covid-19 crisis has had a disproportionate impact on young people's jobs ...

Young people have been hit hardest by the Covid-19 crisis when it comes to jobs. By January 2021, almost one-in-five (19 per cent) 18-24-year-olds who were in work before the pandemic were no longer working, compared to just 4 per cent of 25-54-year-olds and 11 per cent of over-55s. But the impact has not been evenly spread within the under-25 age group: for example, by end the of 2020, Black 18-24-year-olds were 17 percentage points more likely than their White counterparts to be out of work despite wanting a job, compared to 8 percentage points before the crisis. Likewise, young men have been harder hit than young women, with almost one-in-five (19 per cent) unemployed or inactive but wanting work at the end of 2020 compared to 14 per cent of women.

Economic downturns often do have a disproportionate effect on young people: entering work in the first place is harder when opportunities are scarce, and with shorter tenures, young workers are frequently the first to be let go. But the Covid-19 crisis has hit young people's jobs especially hard for two key reasons. First, hospitality and parts of retail, sectors that provide so much youth employment, have effectively ground to a halt over the last year. Second, and not unrelated, young people who were in insecure work on the eve of the crisis have been more vulnerable to losing their jobs: more than one-third (36 per cent) of 18-24-year-olds on a zero-hours, agency or temporary

contract before the crisis were no longer working in January 2021, compared to 14 per cent of their peers in more typical forms of work.

### .. and made a bad situation worse when it comes to their mental health

The chronic stress of a global pandemic and economic downturn has led to a sharp rise in mental health problems across the general population. But much like the pre-crisis period, we find that young people's mental health has been especially affected over the past year compared to older age groups. One-half (51 per cent) of 18-24-year-olds had a CMD in April 2020, up from 30 per cent in the pre-crisis period. In contrast, the CMD rate for older age groups rose less steeply, and of course from a lower base (23 per cent in 2018-2019 for those aged 55-64, for example, rising to 34 per cent in April 2020).

These shocking rates of mental health problems observed in the first few months of the pandemic have abated over time, but still remain elevated compared to pre-pandemic levels. Critically, we find that 18-24-year-olds have had an especially volatile mental health experience over the last year: their high rate of CMDs at the outset of the crisis (51 per cent) dropped faster than any other age group (down to below 30 per cent in September 2020), but then moved back up from that point on, standing at 36 per cent by January 2021 (compared to 31 per cent of those aged 55-64-years-old). While it is not possible to distinguish full-time students in the data during this period, 18-21-year-olds were instrumental in driving this trend.

Finally, we consider the impact of the pandemic on young people who did not have mental health problems a year prior. We show that four-in-ten (41 per cent) previously healthy 18-24-year-olds had a mental health condition in April 2020, double the 'normal' level (19 per cent in 2018-2019). Moreover, while the level of those newly reporting a CMD has fallen as the pandemic period has unfolded, the incidence of CMDs in this previously healthy group of young people remained at 26 per cent in January 2021. This contrasts with the experience of 18-24-year-olds who did

have a mental health problem the year prior to the pandemic, whose CMD rate had fallen below the pre-pandemic norm by January 2021.

### The Job Retention Scheme has had a protective effect on young workers' mental health

There is clear evidence of a link between negative labour market outcomes for young people and poorer mental health over the pandemic period. Using data of self-assessed mental health status (a slightly different measure from the more formal CMD rate we use elsewhere) shows that more than one-third (36 per cent) of 18-35-year-olds that have stopped working over the last year rate their mental health as poor (we expand our age range here due to sample size). But more positively, the Job Retention Scheme (JRS) appear to have had considerable preventive power when it comes to mental health as well as jobs. Young people who have been furloughed over the last year were no more likely to report poor mental health as those who had seen no change in their work status over the period (28 per cent of both groups).

It is not just job loss that is associated with higher levels of stress and anxiety, however. More than one-in-three (37 per cent) 18-35-year-olds that were in insecure jobs in January 2021 reported having poor mental health compared to three-in-ten (30 per cent) working in more secure roles. In fact, this figure was the same as the 37 per cent incidence of poor mental health reported by young people that were unemployed at the beginning of the year. We should be cautious in leaping to conclusions from this one set of results, but it is plausible that the high number of students in insecure work who have experienced additional pressures as a result of disrupted studies over the recent year could be playing a role, as could fear of future job loss (with studies showing anticipation of an event can be as harmful to mental health as the event itself).



## A future rise in unemployment and insecure work would put additional downward pressure on young people's mental health

The Covid-19 crisis has clearly hit young people hard both in terms of their labour market outcomes and mental health. But will this be a short, sharp shock on both fronts, or a situation where these impacts are likely to have an enduring effect? The economic crisis of 2008-2009 shows us that not only did the youngest age groups experience the most significant increase in unemployment in its aftermath (the rate for 18-21-year-olds peaked in 2011 at 24 per cent, compared to 5 per cent for those aged 30-plus), but it took until 2016 for youth unemployment rates to fall back to pre-crisis levels. So given that young people have been the age group most at risk of losing their job over the Covid-19 period, there is clearly a significant future risk on this front too. As the JRS winds down over the coming months, both overall and youth unemployment are set to climb, placing ever-stronger downward pressure on young people's mental health.

But the labour market experience of young people in the aftermath of the 2008-2009 recession contains another cautionary tale. As noted above, insecure work rose in the wake of the previous crisis. It is plausible, then, that employers will respond similarly in the Covid-19 recovery period, recruiting yet more staff on insecure contracts in their efforts to manage uncertainty (in January 2021, one-in-five (21 per cent) of all new jobs were insecure contracts). This could, of course, have some real benefits: it might mean unemployment is lower than it would otherwise be. But given the association we have documented in this report between insecure work and poor mental health, a rise in less-than-secure contracts following this crisis could also be bad news for young people on both living standards and mental health grounds.

## Mental health problems in a recession spell double-trouble for young people's living standards

The Covid-19 crisis is clearly different from the previous recession, with the threat of ill-health and the social isolation

having large impacts on many people's (but especially young people's) mental health. So how damaging is the combination of an economic and mental health shock for young people's prospects? Again, we find that the past is instructive. The medium-term fortunes of young people (here, those aged 18-29) in 2010-2011 were very different depending on their mental health status. Most strikingly, 14 per cent of those of those who were working in 2010-2011 and suffered from mental health problems at that point were no longer working four years on, compared to just 8 per cent of those working in 2010-2011 but who had with no mental health issues.

But this link between mental health problems and poorer employment prospects does not seem to hold true outside of a recession. Again, looking at those aged 18-29, but this time in employment in 2014-2015 (the point at which the labour market had largely returned to pre-crisis form), there is a negligible difference in the long-term employment prospects of those suffering from mental health problems and those who did not. We conclude, therefore, that mental health problems during a recession are associated with a higher chance of leaving employment in the medium-term, but that this is not the case in better economic times (when the problems that those with mental health conditions have entering work in the first place dominates).

### Policy makers should be alive to young people's economic and mental health recovery

Overall, we conclude that that young people and their mental health should be uppermost in policy makers minds as we move into the post-pandemic period. Young people were at the sharp end of structural changes going into the Covid-19 crisis; have been hardest hit by the pandemic when it comes to both labour market outcomes and their mental health; and are now at risk of these experiences having an enduring impact on their longer-term living standards prospects. Critically, as the Government considers interventions to help get young people back into the

workforce, we must not lose sight of job quality if we are to ensure that work always has a positive impact on mental health.

Over the course of this three-year programme, we hope to contribute to this important policy debate. While there is already a good understanding of the relationship between unemployment and mental health, the dynamic effects of insecure work on the mental health of young people is much less explored. Bringing new evidence to bear, we anticipate this programme will shed new light on how young people in an insecure world can flourish when it comes to both work and mental health.

## Section 1

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### Introduction

Welcome to the launch paper of our new three-year programme exploring the intersection between the labour market and mental health for young people. Supported by the Health Foundation, this research programme could not be timelier. To begin, we are in the midst of an economic downturn that has largely been about the labour market, with many jobs and progression opportunities being put on ice. But Covid-19 has not, of course, been a 'normal' economic crisis: the threat it has posed to lives has made it an exceptionally anxious time for many, and has disrupted normal activities and social interactions to boot. As a result, the last year has not just been bad for jobs, but has also had a devastating impact on the nation's mental health.

Mental health problems can have a lifelong impact on an individual's living standards, with wider implications for the economy and society, too. The cost to the country of poor mental health is estimated to be around £94 billion each year, with individuals often requiring out-of-work benefits and medical and social service support.<sup>1</sup> In addition, the effects on employers are non-trivial: estimates suggest around one-in-five days that staff are absent from work is due to poor mental health.<sup>2</sup> Overall, both preventing and addressing mental health problems across the population is desirable for government, for businesses and of course, for individuals and their families and friends, too.

### Exploring the relationship between the labour market and mental health

The relationship between the labour market and mental health is complex and bi-directional. Poor mental health clearly affects one's ability to work, and unemployment is known to lead to mental health problems: we know, for example, that compared to other workers with chronic health conditions, workers with common mental disorders (CMDs) had the highest risk of unemployment, and other adverse occupational outcomes such as early retirement.<sup>3</sup> At the same time, numerous studies have shown that work can be a

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<sup>1</sup> OECD/European Union, [Health at a Glance: Europe 2020: State of Health in the EU Cycle](#), November 2020.

<sup>2</sup> OECD, [Sick on the Job? Myths and Realities about mental health and work](#), January 2012.

<sup>3</sup> E Brouwers, Social stigma is an underestimated contributing factor to unemployment in people with mental illness or mental health issues: position paper and future directions, *BMC Psychology* 8(36), April 2020.

boost for one's mental health, providing routine, a sense of purpose and social interaction all of which have considerable therapeutic value.<sup>4</sup> But not all work is of equal benefit, with some types of jobs, most obviously those where one has limited control over tasks, are proven stressors.<sup>5</sup>

Although some links between labour market outcomes (most obviously, unemployment) and mental health have been well-studied, others remain under-investigated. Critically, over the course of this programme we will shed new light on how insecure work affects mental health. At an individual level, the effect of less-than-stable work on mental health is ambiguous. For some people, the flexibility that comes with insecure work could be positive and support a good work-life balance.<sup>6</sup> For others, insecure work could be a significant stressor given the financial instability, low-status and chronic worry about insufficient work that often comes with it.<sup>7</sup>

## Focusing on young people

Another distinctive feature of this research programme is that it is squarely focused on the labour market-mental health experience of young people (see Box 1 for our definition of a young person). Young adulthood is a time of significant transition: between the ages of 18 and 24 years, many people make the move from education to work, leave their parents' homes and embark on an independent life. Multiple studies have shown that experiences in the labour market at this age have a profound effect on living standards over the life course. Critically, we know that the first few years of one's working life are key: a bumpy transition from education to work can have long-lasting effects on pay and progression.<sup>8</sup>

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4 See, for example: M Modini et al., [The mental health benefits of employment: Results of a systematic meta-review](#), *Australasian Psychiatry* 24, January 2016.

5 See, for example: S Harvey et al., [Can work make you mentally ill? A systematic review of work related risk factors for common mental health problems](#), *Occupational and Environmental Medicine* 74(4), April 2017.

6 See, for example: B Apouey & M Stabile, [The effects of Uber Diffusion on Mental Health in the UK](#), *The Business School for the World*, April 2021.

7 See, for example: A Adams & J Prassl, [Zero-hours work in the United Kingdom](#), *Conditions of Work and Employment Series* 101, April 2018.

8 S Clarke, [Growing pains: The impact of leaving education during a recession on earnings and employment](#), *Resolution Foundation*, May 2019.

## BOX 1: Who do we mean by 'young people'?

Who exactly do we mean when we refer to 'young people'? In the literature the term can reach as far back as childhood and adolescence, but given the labour market focus in this report, we use a lower age threshold of 18-years throughout. Of course, this is not to ignore some 16- and 17-year-olds are working, but the vast majority are still in full-time education or training as well. (That said, this is an age group we may return to at a future point in this project as preparation for the transition into work is important).

Generally, then, we focus on 18-24-year-olds throughout. Not only is this a standard approach in the wider evidence base (allowing direct comparison with others' results and encouraging replication), this period of life is when so many key transitions occur, and many work and mental health trajectories commence.

On occasion, however, we expand our definition of 'young people' to encompass those aged beyond 24 years (usually because of data limitations), and sometimes break this group down into finer age bands where appropriate (for example, when a student flag is not available, we sometimes break out this group to 18-21-years and 22-25-years in recognition of the significant share of the former age group who will still be engaged in full-time education).

Finally, we acknowledge upfront that those outside our 18-24-year-old age band are very far from a homogenous group, and have varying risks in the labour market and in mental health depending on age and life stage. We know that workers aged 60-plus have not escaped the worst effects of the Covid-19 crisis, for example, as highlighted by recent Resolution Foundation research.<sup>9</sup>

Likewise, the quality of life experiences in young adulthood are important to long-term mental health outcomes. Studies show that the majority (75 per cent) of mental health conditions are already present by the age of 24, indicating that both prevention and intervention at this life stage are key; effective strategies at this developmental stage can not only prevent the progression of mental disorders, but also related negative outcomes such as social isolation, and reduced educational and vocational activity.<sup>10 11</sup> Overall, the importance of 'getting things right' early on in the life course from both a labour market

<sup>9</sup> N Cominetti, *A U-shaped crisis: The impact of the Covid-19 crisis on older workers*, Resolution Foundation, April 2021.

<sup>10</sup> R Kessler, *Lifetime prevalence and age-of-onset distributions of DSM-IV disorders in the National Comorbidity Survey Replication*, *Archive of General Psychiatry*, 62(5), June 2005.

<sup>11</sup> R McGorry & C Mei, *Early intervention in youth mental health: progress and future directions*, *Evidence Based Mental Health* 21(4), October 2018.



and mental health point of view underpins our focus on young people throughout this programme of work.

## In this report

We begin this exciting new programme with an exploration of the labour market and mental health impacts of the Covid-19 crisis on young people. To this end, the report is set out as follows:

- In Section 2, we consider some of the structural changes in the labour market and in the mental health domain that have especially affected young people prior to the Covid-19 crisis;
- Section 3 explores how young people have fared when it comes to the labour market and their mental health since the start of the Covid-19 crisis;
- Section 4 considers the implications of the pandemic on young people's labour market and mental health prospects drawing on the experience of the previous crisis;
- Section 5 concludes with some thoughts on policy.

## Section 2

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# Young people's employment and mental health before the crisis

Young people have been hard hit from the very start of the pandemic, but its profound impact on their life circumstances has not occurred in a vacuum. In this section we examine the key labour market and mental health trends over the past two decades. We note that, in some respects, today's young people start their working lives in a stronger position than previous generations. However, we also highlight a number of structural changes (most obviously, rising precarity in the labour market and a secular increase in mental health problems) which has, arguably, left today's young people especially exposed to the impact of the Covid-19 crisis.

## Young people are less likely to be working, but more likely to be in higher education today than two decades ago

The 21st century so far has been a turbulent time for the labour market. In the early 2000s, the economy was strong and employment was booming: the 16-64 employment rate reached a then-record high, and the outlook was rosy.<sup>12</sup> Then came the financial crisis and subsequent recession. Unemployment rose (albeit by much less than in previous downturns),<sup>13</sup> and pay was depressed for more than a decade, reaching its pre-crisis peak only at the end of 2019.<sup>14</sup> Over the same period, the structure of the labour market changed dramatically. Technological progress has created new jobs while others have declined;<sup>15</sup> the gig economy has been on the rise;<sup>16</sup> and employers have re-evaluated the types of contracts they use in the wake of the financial crisis.<sup>17</sup>

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<sup>12</sup> HM Treasury, *Red Book 2006: Budget*, March 2006.

<sup>13</sup> S Coulter, *The UK labour market and the 'great recession'*, in M Myant, S Theodoropoulou & A Piasna (eds.), *Unemployment, Internal Devaluation and Labour Market Deregulation in Europe*, European Trade Union Institute, March 2016.

<sup>14</sup> N Cominetti, *A record-breaking labour market – but not all records are welcome*, Resolution Foundation, February 2020.

<sup>15</sup> For example, the shift to online shopping has led to a decline in high-street retail employment. See: L Gardiner & D Tomlinson, *Sorry, we're closed: Understanding the impact of retail's decline on people and places*, Resolution Foundation, February 2019.

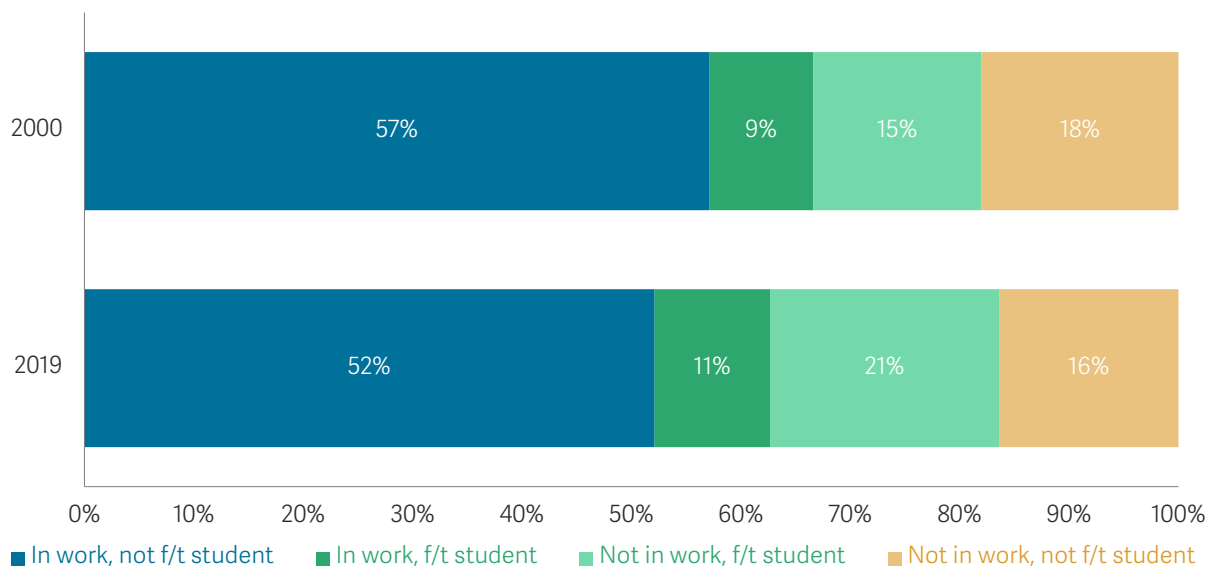
<sup>16</sup> U Huws et al., *The Platformisation of Work in Europe: Results from research in 13 European countries*, University of Hertfordshire, July 2019.

<sup>17</sup> S Clarke & N Cominetti, *Setting the record straight: How record employment has changed the UK*, Resolution Foundation, January 2019.

We begin our consideration of how these changes have affected young people. In Figure 1, we show the labour market status of 18-24-year-olds at the turn of the century and on the eve of the Covid-19 crisis. As this makes clear, the share of young people in employment and not studying has fallen over this period, from 57 per cent in 2000 to 52 per cent in 2019. But this negative headline finding is more than explained by the growing share of this age group in full-time education: in 2019, close to one-in-three (32 per cent) young people were studying full-time compared to less than one-quarter (24 per cent) at the turn of the century. As a result, many young people today are building human capital via higher education, something which will have lifelong benefits when it comes to earnings.<sup>18</sup> But at the same time, we note that the share of those in full-time education that do paid work alongside their studies has fallen over time, from 38 per cent in 2000 to 33 per cent in 2019.<sup>19</sup>

**FIGURE 1: Almost one-third of 18-24-year-olds were in higher education on the eve of the pandemic**

Labour market and education status of 18-24-year-olds: UK, 2000 & 2019



SOURCE: RF analysis of ONS, Labour Force Survey

That said, there is considerable nuance under the surface of Figure 1. We unpack the story further in Figure 2 which shows the same results as above but now split out by sex. As this makes clear, young men have not benefited from the structural shift away from employment towards higher education to the same degree as young women over the last

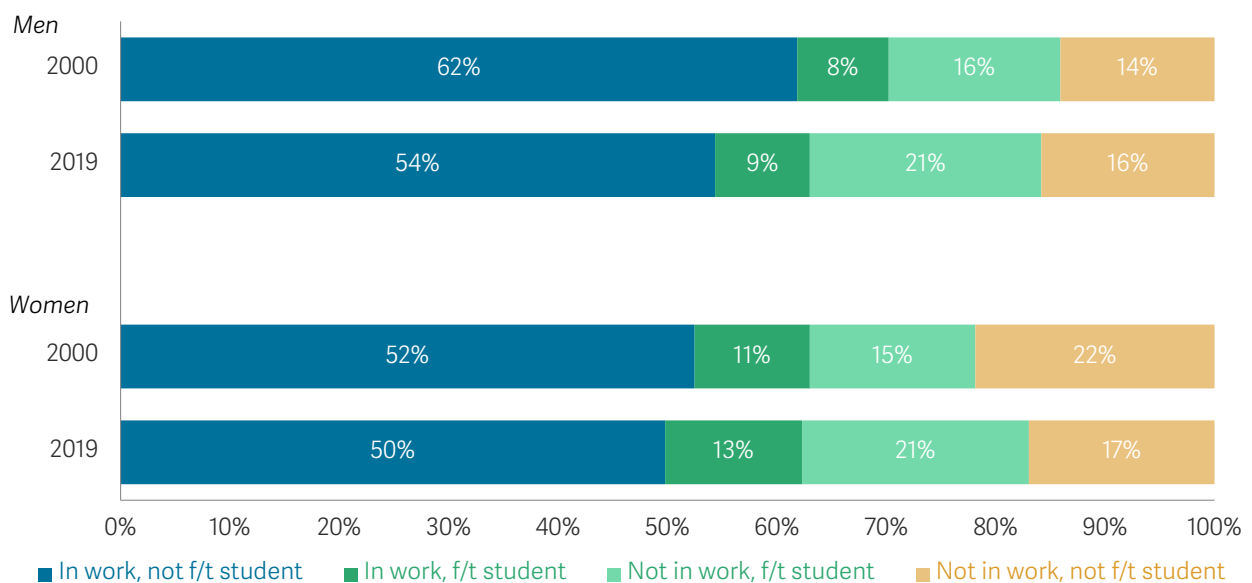
<sup>18</sup> J Britton et al., *The impact of undergraduate degrees on lifetime earnings*, Institute for Fiscal Studies, February 2020.

<sup>19</sup> This finding is especially surprising given the more intense financial pressure on students today. For further discussion of the dynamics that sit behind this trend, see: L Gardiner, *Never ever: Exploring the increase in people who've never had a paid job*, Resolution Foundation, January 2020.

two decades. In fact, a slightly larger share of young men were not in work or education in 2019 than in 2000 (16 per cent compared to 14 per cent respectively). In contrast, in 2019, young women were less likely not to be working or studying than they were in 2000 (17 per cent compared to 22 per cent respectively), the continuation of a long-term trend of rising female participation in education and the workforce.<sup>20</sup>

**FIGURE 2: Women have seen greater gains than men from structural shifts over the past two decades**

Labour market and education status of 18-24-year-olds, by sex: UK, 2000 & 2019



SOURCE: RF analysis of ONS, Labour Force Survey

Being outside the labour market – and not in full-time education – can of course reflect a number of circumstances. Young people may find themselves unemployed, but an increasing share are likely to find themselves inactive due to health reasons.<sup>21</sup> However there is a strong argument that all young children not in education, training or work are a particular policy concern, because of the long-term scarring this can have on their lifetime outcomes.<sup>22</sup> In Figure 3 we show how the share of 18-24-year-old men and women who are not in employment, education or training (NEET) have changed over time. The share of young men who were NEET rose significantly in the aftermath of the financial crisis, but subsequently fell back to pre-recession levels. For most of the past two decades, the rate of young women who were NEET was consistently higher than

<sup>20</sup> For reflections how the labour market fortunes of young men and women have changed over a longer time frame see: L Gardiner et al., *An intergenerational audit for the UK*, Resolution Foundation, October 2020.

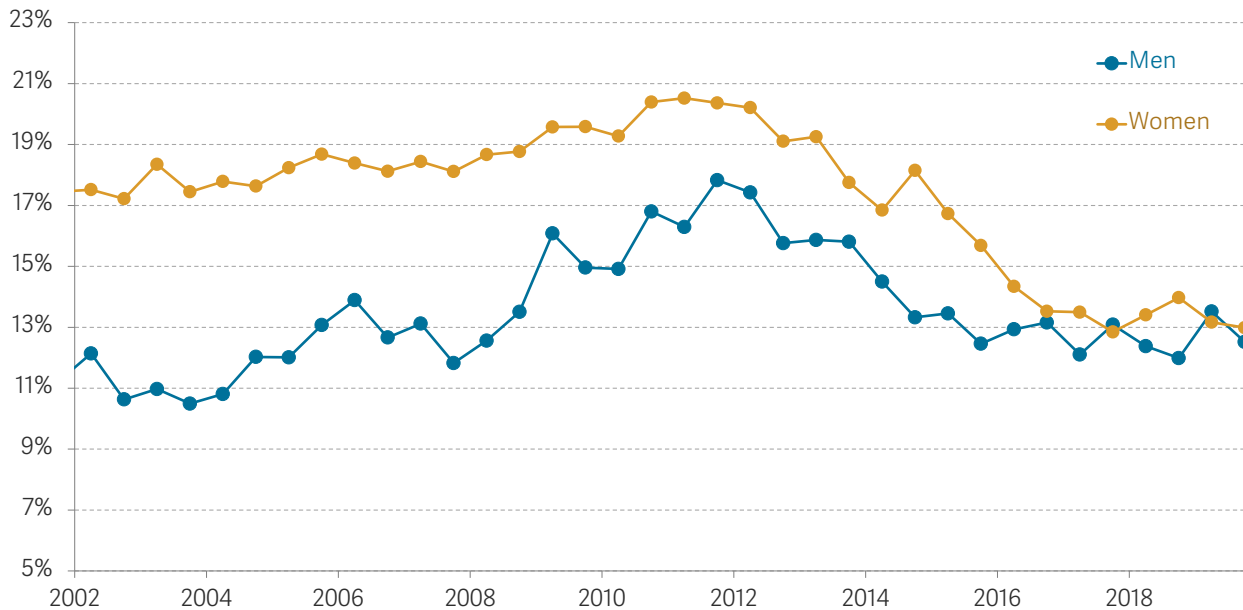
<sup>21</sup> The proportion of 18-24-year-olds who were economically inactive due to health reasons rose from 2.0 per cent in 2000 to 3.1 per cent in 2019. Source: RF analysis of ONS, Labour Force Survey

<sup>22</sup> S Clarke, *Growing pains: The impact of leaving education during a recession on earnings and employment*, Resolution Foundation, May 2019.

among men, but the female NEET rate rose much less after the financial crisis. Since then, however, NEET rates among both men and women have stopped falling, even as the employment rate reached a peak at the end of 2019.<sup>23</sup>

**FIGURE 3: The share of young people who are NEET has stopped falling in recent years**

Proportion of 18-24-year-olds not in education, employment or training, seasonally adjusted, by sex: UK, 2002-2019



SOURCE: RF analysis of ONS, Young people not in education, employment or training (NEET).

## Young people are considerably more likely to be in insecure work today compared to the past

Not only are young people less likely to be in employment today than they were two decades ago, but the type of work they do has shifted too. In Figure 4 we plot the share of 18-24-year-olds in insecure work, and present this alongside results for workers in older age groups. (The notion of ‘insecure’ work can cover a range of experiences, with the terms ‘contingent’, ‘atypical’ and ‘precarious’ work also often used interchangeably throughout the literature.<sup>24</sup> Here, we treat work as insecure if one’s earnings and/or the job itself are not predictable or guaranteed.) There are three key takeaways from the charts in Figure 4. First, young people were more likely than older people to be in insecure work prior to the crisis (25 per cent compared to 21 per cent, respectively).

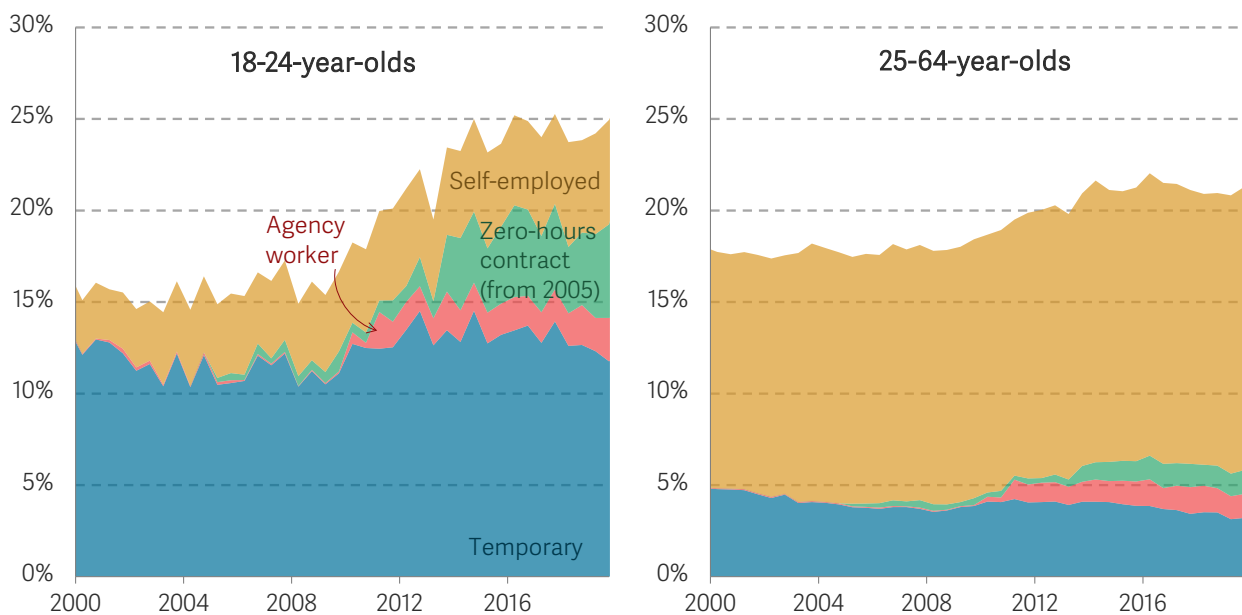
<sup>23</sup> N Cominetti, [A record-breaking labour market – but not all records are welcome](#), Resolution Foundation, February 2020.

<sup>24</sup> For example, see: S Clarke & N Cominetti, [Setting the record straight: How record employment has changed the UK](#), Resolution Foundation, January 2019; T Sharp, [Insecure work: Why the new PM must put decent work at the top of his to-do list](#), Trades Union Congress, July 2019; Department for Business, Energy & Industrial Strategy, [Good work: The Taylor review of modern working practices](#), July 2017.

Second, young people were 66 per cent more likely to be in insecure work in 2019 as they were in 2000. And third, the growth in insecure work for young people has been driven by agency work and zero-hours contracts which is especially noticeable since the 2008 crisis (although there is evidence to suggest some of this rise stems from greater awareness of such contract types).<sup>25</sup>

**FIGURE 4: Young people were more likely than older workers to be in insecure work in 2019**

Proportion of workers in different forms of atypical work, by age: UK, 2000-2019



NOTES: Zero-hours contract variable only available from Q4 2005 onwards. There is some overlap between these classifications, and the categories presented here have been constructed to be mutually exclusive by allocating sequentially from the bottom-most series upwards, i.e. those who are categorised as agency worker' excludes those also in the 'temporary' category, and so on. This chart shows Q2 and Q4 of each year only due to data availability.

SOURCE: RF analysis of ONS, Labour Force Survey.

Many have expressed concern in recent years that this development is one-sided, benefitting employers at the expense of workers.<sup>26</sup> But it is worth considering that there are some benefits that come with the flexibility associated with insecure work. In particular, a flexible labour market in the years following the crisis likely supported the UK's employment recovery – any job is arguably better than no job.<sup>27</sup> In fact, young people

<sup>25</sup> Pre-2016 figures for the number of people reporting that they were on a zero-hours contract should be treated with some caution, as the ONS has said that 'the upward trend that we saw between 2011 and 2016 was likely to have been affected by greater awareness and recognition of the term "zero-hours contract"'. See: Office for National Statistics, [Contracts that do not guarantee a minimum number of hours](#), April 2018.

<sup>26</sup> For example, see: T Bell, N Cominetti & H Slaughter, [A new settlement for the low paid: Beyond the minimum wage to dignity and respect](#), Resolution Foundation, June 2020.

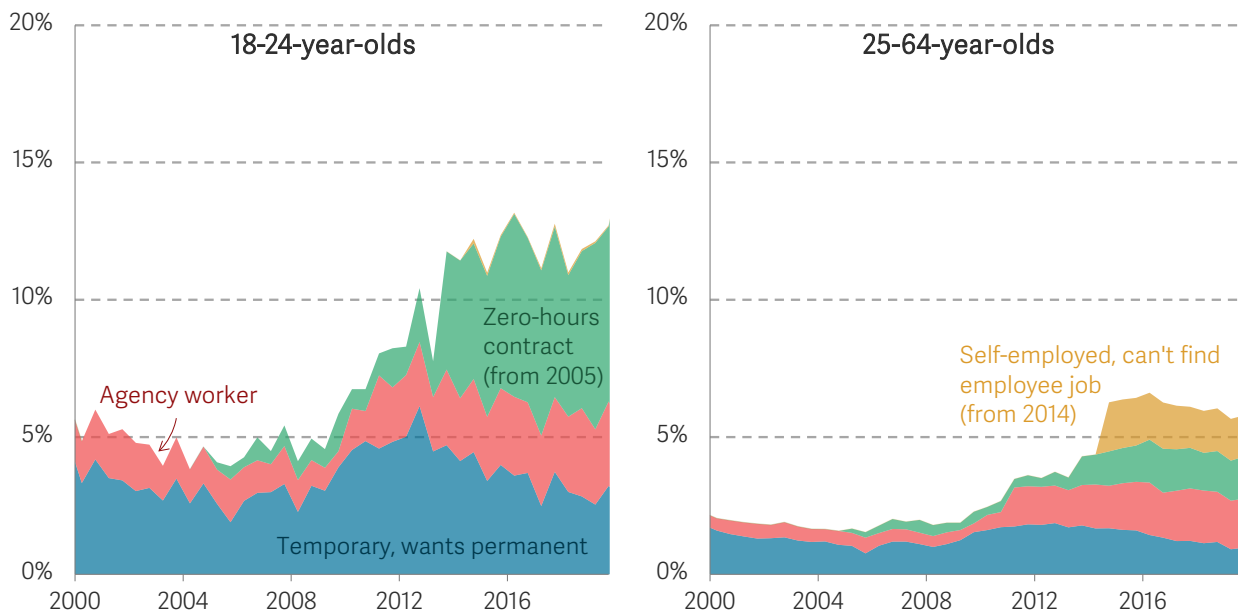
<sup>27</sup> C Pissarides, [Unemployment in the Great Recession](#), *Economica* 80(319), June 2013.



in particular may well benefit from more flexible working arrangements as it may act as an easy entry-point into the labour market. For this reason, in Figure 5 we cross-tabulate insecure work with indicators of dissatisfaction where possible, such as those who say they are in a temporary job because they could not find a permanent one, or would prefer to be employed rather than in self-employment.<sup>28</sup> When we use this finer measure, the levels we observe in Figure 4 are effectively halved, but our findings still stand when it comes to trends over time and differences between age groups – and the relative rise following the financial crisis is far starker.

FIGURE 5: **Some workers in insecure jobs are dissatisfied with this type of work**

Proportion of workers in different forms of atypical work if dissatisfied, by age: UK, 2000-2019



NOTES: Zero-hours contract variable only available from Q4 2005 onwards. Self-employed because cannot find employee job variable only available from Q4 2014 onwards. There is some overlap between these classifications, and the categories presented here have been constructed to be mutually exclusive by allocating sequentially from the bottom-most series upwards, i.e. those who are categorised as 'agency worker' excludes those also in the 'temporary, wants permanent' category, and so on. This chart shows Q2 and Q4 of each year only due to data availability.  
SOURCE: RF analysis of ONS, Labour Force Survey.

In Figure 6 we go the final step and split out the 18-24-year-old age group into students and non-students. As this shows, students are twice as likely to be in insecure work than their non-student counterparts: 20 per cent of students were on some form of insecure contract at the end of 2019, compared to 10 per cent of 18-24-year-olds who were not

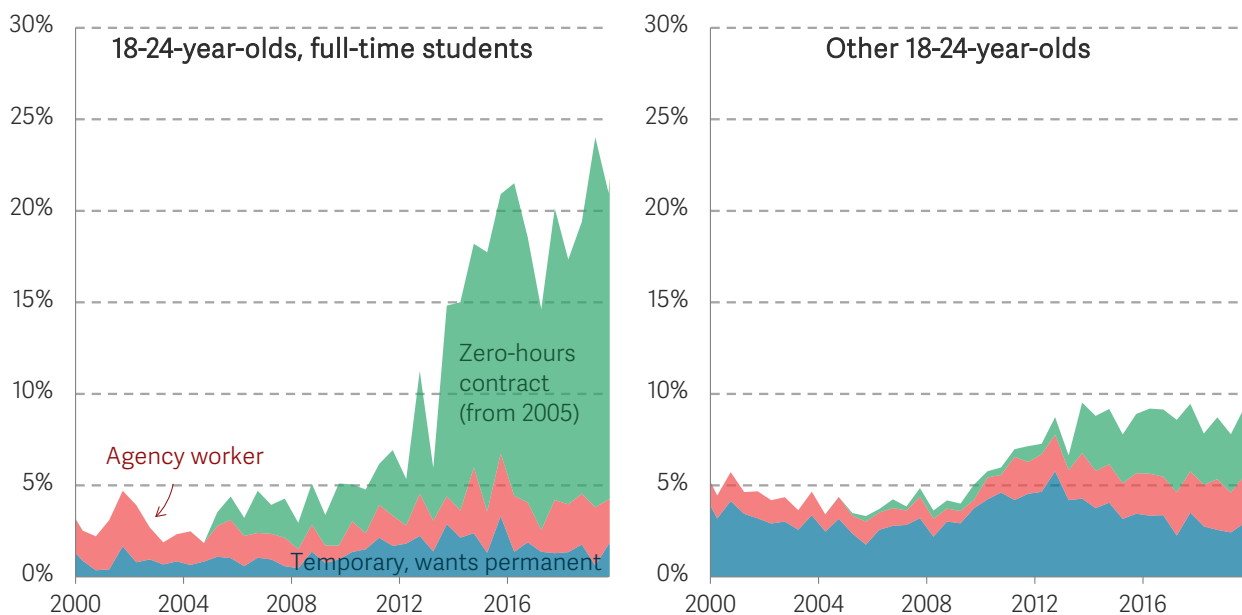
<sup>28</sup> Not everyone on a zero-hours contract or doing agency work is dissatisfied, of course, but existing evidence suggests that many desire more stability. While this data does not allow us to distinguish, for example, those who would like more control over their working hours, satisfaction with atypical work is an important issue that we will examine further during this programme. For more on this issue, see: L Judge, *The good, the bad and the ugly: The experience of agency workers and the policy response*, Resolution Foundation, November 2018; D Pyper & F McGuinness, *Zero-hours contracts*, House of Commons Library, August 2018; R Partington, *More regular work wanted by almost half those on zero-hours*, The Guardian, October 2018.

in full-time education. But the most striking takeaway is the different forms of work experienced by each group. While zero-hours contracts account for the bulk of atypical work among students, those who were not full-time students had much higher rates of involuntary temporary time working.

We cannot say without further investigation whether the high rates of zero-hours contracts among students are problematic: while these contracts may provide welcome flexibility for young people balancing work and study, the benefits will depend on the extent to which the employees themselves have a say over their working hours, as well as wider terms and conditions. But critically, Figure 6 shows that, far from only being a student-driven phenomenon, insecurity is prevalent among young people who are not students as well. There is a debate to be had over whether these types of work are all bad, but they are not consistent with financial security or the kinds of training opportunities that young people need to improve their human capital.

**FIGURE 6: While full-time students are the most likely to be on a zero-hours contract, other forms of insecure work are prevalent among non-students**

Proportion of 18-24-year-olds in different forms of atypical work if dissatisfied, by student status: UK, 2000-2019



NOTES: Zero-hours contract variable only available from Q4 2005 onwards. Excludes those who are self-employed because they could not find an employee job, who account for a negligible proportion of 18-24-year-olds in employment. There is some overlap between these classifications, and the categories presented here have been constructed to be mutually exclusive by allocating sequentially from the bottom-most series upwards, i.e. those who are categorised as 'agency worker' excludes those also in the 'temporary, wants permanent' category, and so on. This chart shows Q2 and Q4 of each year only due to data availability.

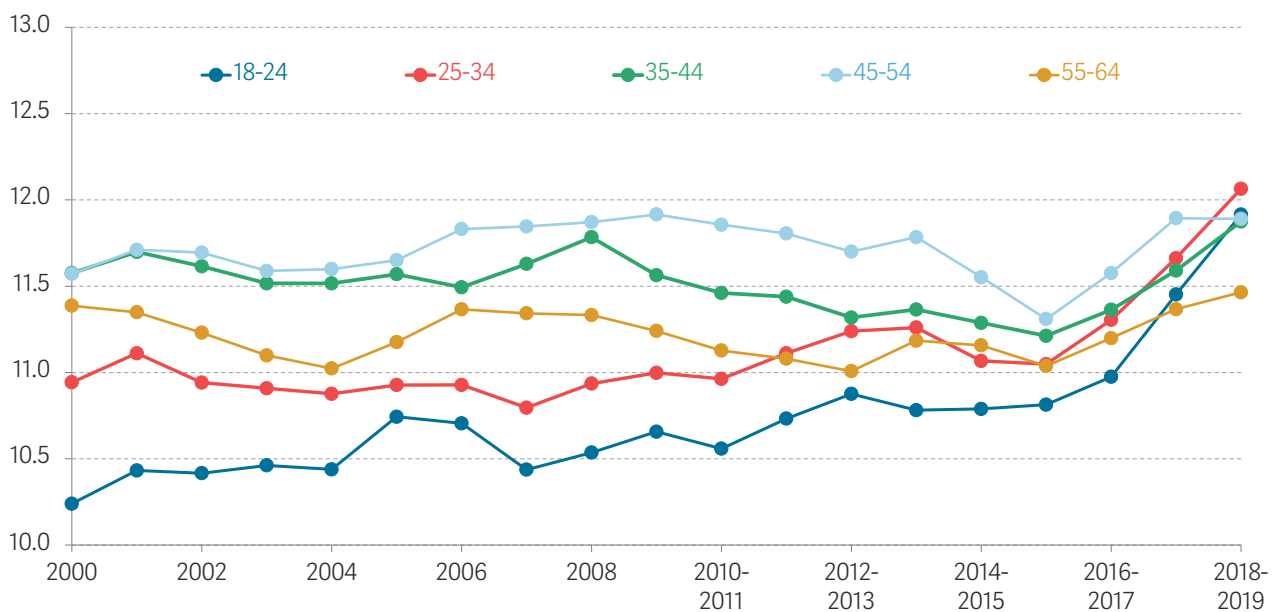
SOURCE: RF analysis of ONS, Labour Force Survey.

## Young people were facing a growing mental health crisis prior to the Covid-19 crisis

Alongside these structural changes in the labour market, young people were also at the sharp end of a growing mental health crisis prior to the pandemic. In Figure 7 we show the average General Health Questionnaire (GHQ) scores for different age groups between the years 2000 and 2019 (see Box 2 for more details of how the GHQ is used to construct different measures of mental health). At the beginning of this period there was a clear age gradient when it came to mental health, with older groups exhibiting a higher level of problems than younger (although the incidence drops by the age of 55-64-years). Over the course of the last two decades, however, this picture has changed. On the eve of the crisis, 18-24-year-olds were more likely to have mental health problems than any age group other than those aged 25-34-years, the most significant rise observed over this period (a full 1.4 points increase on the scale compared to 1.0 for 25-34-year-olds, and negligible change for the other age groups).

FIGURE 7: **Mental health problems among the young were on the rise pre-crisis**

Mean GHQ score (higher score = higher levels of mental health problems), two-year rolling average, by age group: UK, 2000-2019



NOTES: The GHQ assesses the extent to which someone is experiencing symptoms of a common mental disorder. Data presented as a two-year rolling average combining the wave shown and the previous wave. Waves up to and including 2008 are from the British Household Panel Survey (BHPS) and cover a single calendar year. Waves from 2009-2010 onwards are from the Understanding Society (the successor to the BHPS) and cover two calendar years.

SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

## BOX 2: The General Health Questionnaire

There are a wide range of mental health problems or disorders, with differing presentations, but they are generally characterised by difficulties relating to mood, thinking and behaviour. The most prevalent in the general population are known as ‘common mental disorders’ (CMDs) and largely comprise of different types of depression and anxiety including major depressive disorder, bipolar disorder, panic disorder and phobias.

Self-report questionnaires are an effective and widely-used method of assessing mental health in general population, and one of the most highly validated and reliable of such tools is the General Health Questionnaire (GHQ). Understanding Society – the data source we largely draw on in this report - uses the GHQ-12. This includes 12 items, six positively worded items (e.g. ‘Have you recently felt capable of making decisions about things?’) and six negatively worded items (e.g. ‘Have you recently felt constantly under strain?’). Respondents rate themselves on a scale of 0 to 3 according to the extent to which they agree with each question, where 0 represents ‘not at all’, 1 ‘no more than usual’, 2 ‘rather more than usual’ and 3, ‘much more than usual’.

There are two main measures that are then derived from the GHQ. First, the

GHQ is used to create a binary variable identifying individuals with a probable CMD. Those who respond to an item with either ‘rather more than usual’ or ‘much more than usual’ are given a score of 1, and those who say ‘not at all’ or ‘no more than usual’ are given a score of 0. These scores are then summed to create a unidimensional scale ranging from 0 to 12, and if they have a score of 3 or more they are considered to be over the threshold. Second, this GHQ can be used to create an average measure which is sensitive to movements beneath the clinical cut-off point. The 12 items are scored in their raw form (from 0 to 3), and summed to create a scale ranging from 0 to 36, where higher scores indicate worse mental health (see Figure 8 for the distribution of scores on this measure for 18-24-year-olds in 2018-2019).

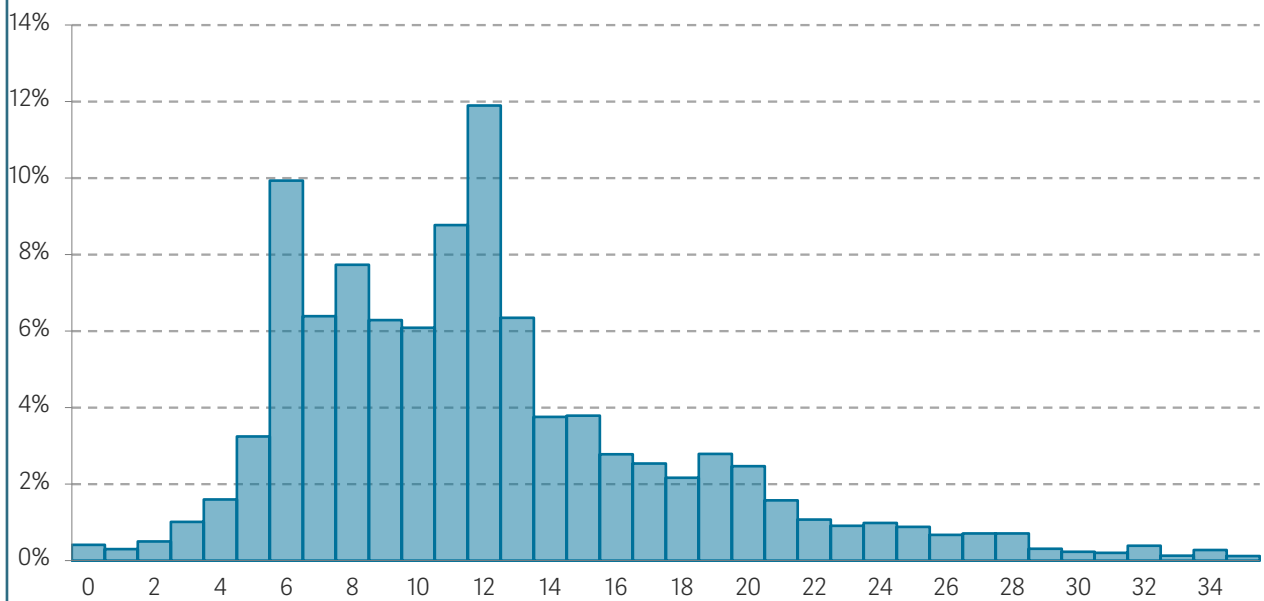
Finally, it is worth noting that mental health and well-being are related, but distinct, constructs, with wellbeing capturing how well people are functioning in their day-to-day lives. The distinction is demonstrated by the predominantly positively-worded items typically used in wellbeing questionnaires, for example, ‘I’ve been feeling optimistic about the future’ and ‘I’ve been feeling useful’. This is important as someone may have a mental health problem but still be

functioning reasonably well in their day-to-day lives, and hence have relatively good wellbeing. On the other

hand, someone can have low levels of wellbeing even in the absence of a mental health problem.

**FIGURE 8: Most people have relatively low scores on the GHQ**

Distribution of GHQ scores for 18-24-year-olds: UK, 2018-2019

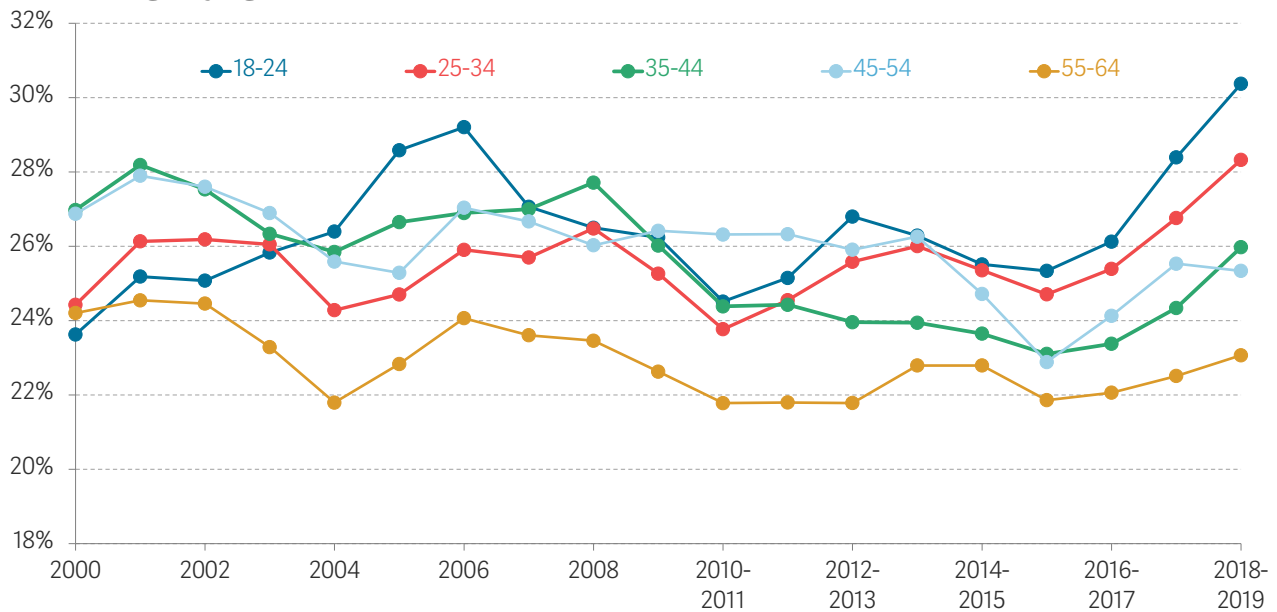


SOURCE: RF analysis of ISER, Understanding Society.

Figure 9 should give us even more cause for concern. Here, we present results showing the share of the various age groups over time who have a GHQ score high enough to constitute a common mental disorder (CMD) (i.e. individuals who have crossed the threshold at which they are considered to have a clinical condition). As the chart makes clear, prior to the crisis in 2018-2019, three-in-ten 18-24-year-olds in our sample fell into this group, more than in any other age bracket. But even more striking is the steeper rise in CMDs for young people in our sample over time, rising from 24 per cent of 18-24-year-olds in 2000 to 30 per cent in 2018-2019 (an increase of 6 per cent over this period), compared to relatively stable or more modest increases in older age groups. As a result, young people have gone from the best to worst position when it comes to rates of CMDs, with the gap between the top and bottom growing from 3 percentage points in 2000, to 7 percentage points in 2018-2019.

**FIGURE 9: Young people were more likely than any other age group to have a clinical mental health condition prior to the crisis**

Proportion of working-age adults with a common mental disorder, two-year rolling average, by age: UK, 2000-2019



NOTES: Respondents are classified as having a 'Common mental disorder' if they have a GHQ-12 score of three or more. Data presented as a two-year rolling average combining the wave shown and the previous wave. Waves up to and including 2008 are from the British Household Panel Survey (BHPS) and cover a single calendar year. Waves from 2009-10 onwards are from the Understanding Society (the successor to the BHPS) and cover two calendar years. SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

A number of studies have sought to explain these more recent increases. Most prominently, the effects of several years of austerity has given rise to higher levels of young people growing up in poverty, and for young adults specifically, a delay in gaining financial independence and autonomy from their parents, hence reducing a sense of control over their lives.<sup>29</sup> For young people in particular, the rise of social media in more recent years has exposed them to a new phenomenon – cyberbullying – known to be associated with mental health problems.<sup>30</sup> But, it is the changing labour market experience of young people over the last two decades and the link to mental health that we focus on in this paper.

## The average mental health of students has worsened in recent years

Young people are far from a homogenous group, of course, with the extent to which they engage in employment or education heavily influencing their risk of poor mental health.

<sup>29</sup> R Marcus & M Gavrilovic, *The Impacts of the Economic Crisis on Youth Review of Evidence*, Overseas Development Institute, October 2010.

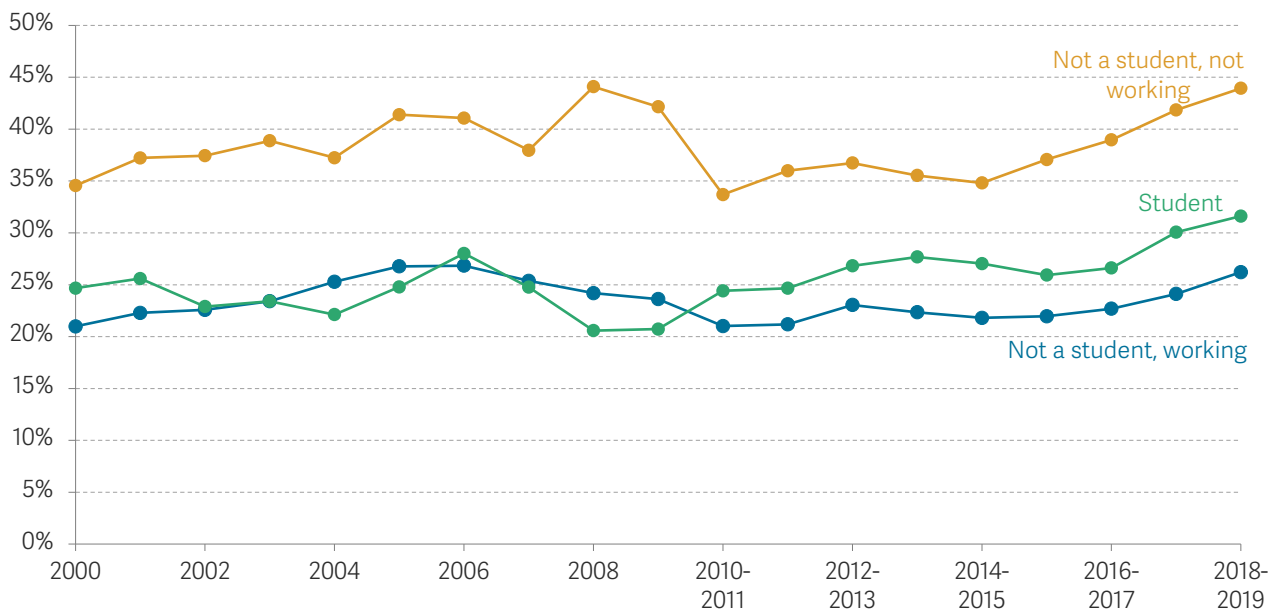
<sup>30</sup> I Kwan et al, *Cyberbullying and children and young people's mental health: a systematic map of systematic reviews*, *Cyberpsychology, behaviour and social networking* 23(2), February 2020.



As Figure 10 shows, those who were in work or education were consistently less likely to have a mental health problem than those in neither. This is consistent with a large body of evidence which shows work and education is beneficial for mental health, but equally, mental health plays a key role in ensuring people can gain, and remain in, employment or study (put differently, there is some sorting effect being observed here too).

**FIGURE 10: Young people working or studying have a lower level of mental health conditions than others**

Share of 18-24-year-olds with a common mental disorder, two-year rolling average, by whether in work or full-time education: UK, 2000-2019



NOTES: Respondents are classified as having a ‘Common mental disorder’ if they have a GHQ-12 score of three or more. Data presented as a two-year rolling average combining the wave shown and the previous wave. Waves up to and including 2008 are from the British Household Panel Survey (BHPS) and cover a single calendar year. Waves from 2009-2010 onwards are from the Understanding Society (the successor to the BHPS) and cover two calendar years.

SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

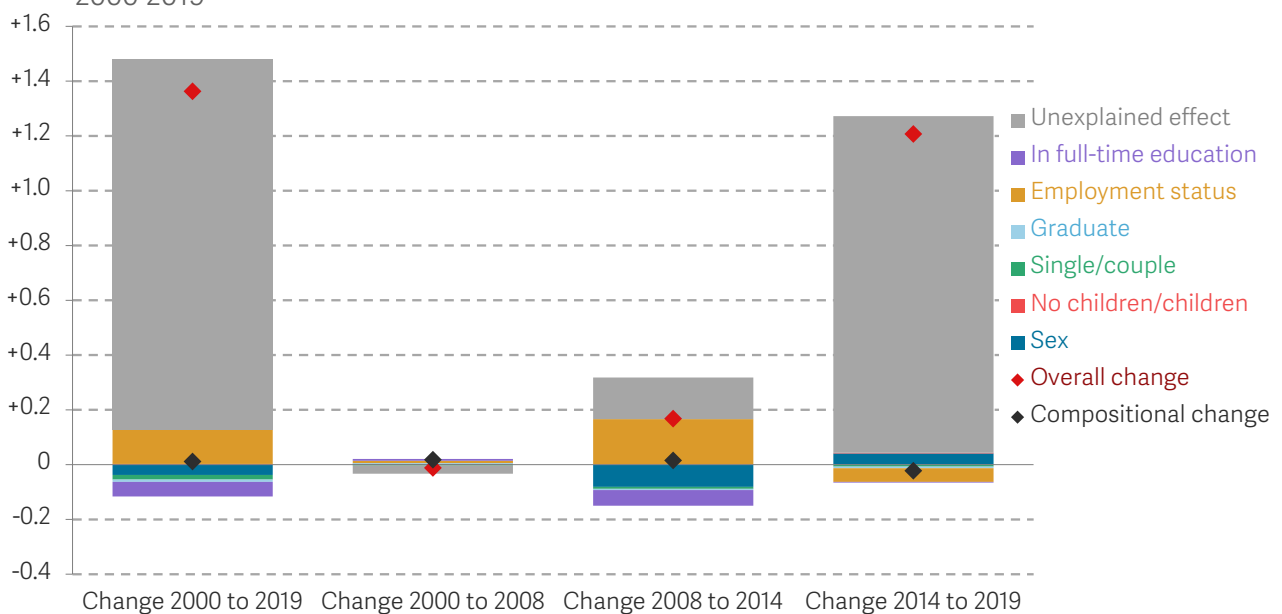
Although the group with the highest rate of problems are those who are neither working nor studying, full-time students have seen an increase in mental health problems in recent years that has widened the gap with those who are in employment and not studying – although both groups have seen an increase in mental health problems. Since 2010-2011, students have had consistently higher rates of mental health problems than those who are in employment (and not studying). By 2018-2019, the share of working 18-24-year-olds with a mental health problem had risen to 26 per cent, while the share of students with a mental health problem had increased to almost a third (32 per cent).<sup>31</sup>

<sup>31</sup> A number of reasons might explain this including increased financial pressure due to rising tuition fees and cuts to mental health services under austerity. See: C Thorley, *Not by degrees: Improving student mental health in the UK’s universities*, Institute for Public Policy Research, April 2017.

So, could the rising number of students, with their higher incidence of mental health problems than those in work, sit behind the upward trend in CMDs we observed in Figure 9? The analysis we present in Figure 11 suggests ‘no’. Here, we show how the changing composition of the 18-24-year-old population has contributed to the rise in the average GHQ score of this group (i.e. its worsening mental health). As this makes clear, the compositional changes we can model here were not highly determinative over the whole period – suggesting other factors are more important. That said, we do observe interesting differences when we split this result out by time periods. We find that compositional changes have a stronger explanatory effect for the crisis and post-crisis period of 2008-2014, when higher unemployment and inactivity pushes the average score up (but more young people staying in education drive it down).<sup>32</sup>

**FIGURE 11: Compositional changes have limited explanatory power when it comes to explain young people’s deteriorating mental health**

Compositional effects on average change in the GHQ score among 18-24-year-olds: UK, 2000-2019



SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

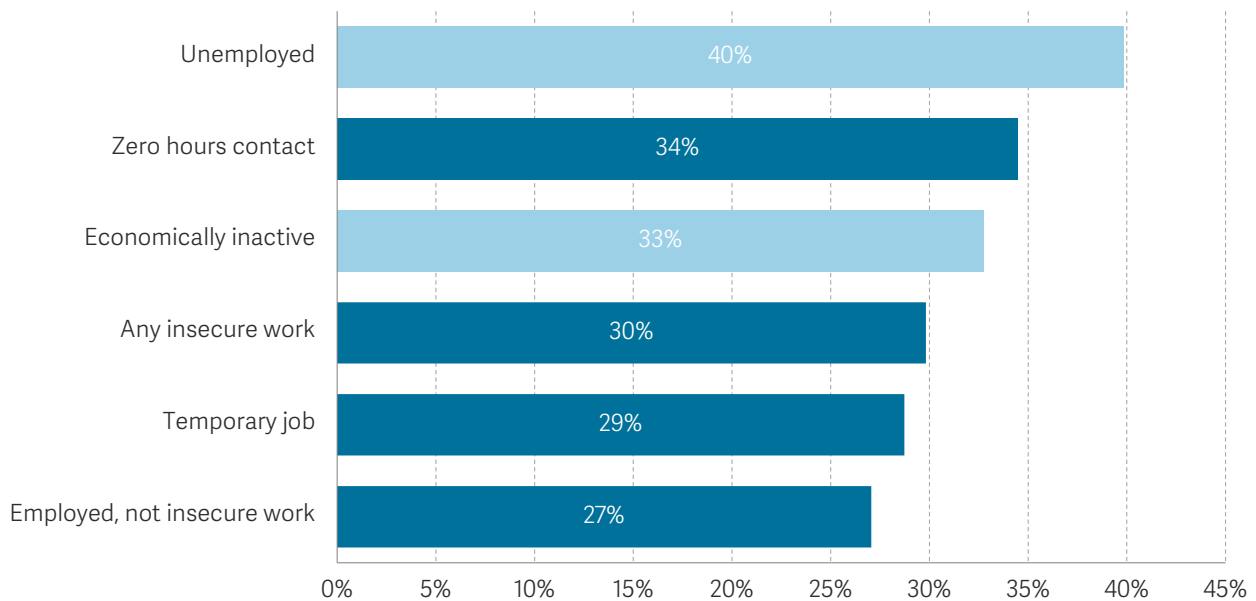
We should not treat this decomposition as the final word on what has driven the startling rise in mental health problems for young people in recent years, however, not least because there is much we cannot model due to lack of data. Critically, although being in work was unarguably better for young people’s mental health than being unemployed, being in insecure work brings an increased risk. In Figure 12 we plot the share of young people with mental health problems by employment type. As this makes clear,

<sup>32</sup> K Henehan, *Class of 2020: Education leavers in the current crisis*, Resolution Foundation, April 2020.

differences are relatively small across type of insecure work, but zero-hours contract workers were most at risk; around 34 per cent of workers on this contract type reported mental health problems, compared to 27 per cent of their peers in secure employment.

**FIGURE 12: Insecure work is associated with poorer mental health outcomes for young people**

Proportion of 18-24-year-olds with a common mental disorder, by employment type: UK, 2018-2019



NOTES: Respondents are classified as having a 'Common mental disorder' if they have a GHQ-12 score of three or more. Does not exclude students.  
SOURCE: RF analysis of ISER, Understanding Society.

Overall, then, we end this section concluding that young people have experienced rising precarity in the labour market and worsening mental health over the course of the past two decades, particularly since the 2008 crisis. On the positive side, widening participation in higher education has increased student numbers among 18-24-year-olds, but these same students have experienced sharp increases in mental health problems in recent years. And, despite the good news that employment levels were up prior to the crisis, a considerable number of young people were employed in insecure jobs – which in turn puts them at a higher risk of poor mental health.

## Section 3

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### The impact of the crisis on young people

In this section we explore the impact of the pandemic on young people's employment and mental health. As with most economic crises, young people have been at the sharp end of the labour market contraction: they have borne the brunt of furlough, unemployment, and job loss. But the Covid-19 crisis is distinguished not just by the economic hit but by the mental health hit too. In part this is because, as we showed in Section 2, many more young people entered the crisis period with a mental health problem. But the number of young people developing mental health problems in the crisis has far outstripped what we would normally expect, creating a new cohort of young people experiencing difficulties with their mental health.

### The Covid-19 labour market crisis has hit young people hardest

It is now well-established that the Covid-19 crisis has had a disproportionate impact on young people in the labour market. Early on in the crisis, survey evidence showed that 18-24-year-olds were much more likely than older age groups to have lost their job, been furloughed, or lost hours alongside pay due to Covid-19.<sup>33</sup> This pattern persisted throughout the summer and autumn,<sup>34</sup> and by January 2021, Resolution Foundation research showed that almost one-in-five (19 per cent) 18-24-year-olds who were employed before the crisis had lost their job, close to one-in-ten (9 per cent) were furloughed, and a further 13 per cent had lost more than 10 per cent of their pay outside of furlough (Figure 13). Altogether, payroll data shows that more than half (54 per cent) of employee job losses since March 2020 have been among under-25s.<sup>35</sup>

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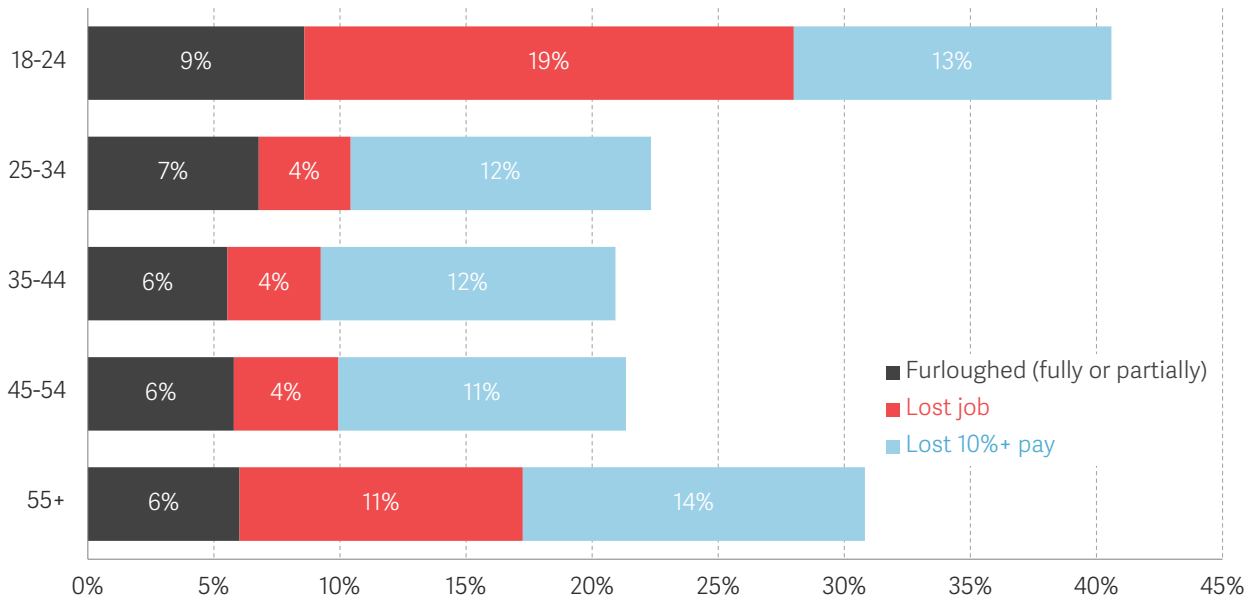
<sup>33</sup> M Gustafsson, Young workers in the coronavirus crisis: Findings from the Resolution Foundation's coronavirus survey, Resolution Foundation, May 2020.

<sup>34</sup> M Brewer et al., [Jobs, jobs, jobs: Evaluating the effects of the current economic crisis on the UK labour market](#), Resolution Foundation, October 2020.

<sup>35</sup> Office for National Statistics, [Earnings and employment from Pay As You Earn Real Time Information, UK](#), April 2021.

**FIGURE 13: Young people have borne the brunt of the Covid-19 labour market hit**

Proportion of people employed in February 2020 who in January 2021 were either no longer working, were furloughed, or whose earnings had fallen by 10 per cent (or more): UK, data collected 22-26 January 2021



NOTES: Base = those in employment at the start of the crisis, age 18 to 64, with non-missing observations for change in employment status, furlough status and pay status (n= 4,848). Base by categories: 18-24 n=499, 25-34 n=1,224, 35-44 n=1,136, 45-54 n=1,188, 55+ n=801. All figures have been analysed independently by the Resolution Foundation. A version of this chart first appeared in: N Cominetti et al., *Long Covid in the labour market: The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery*, Resolution Foundation, February 2021.

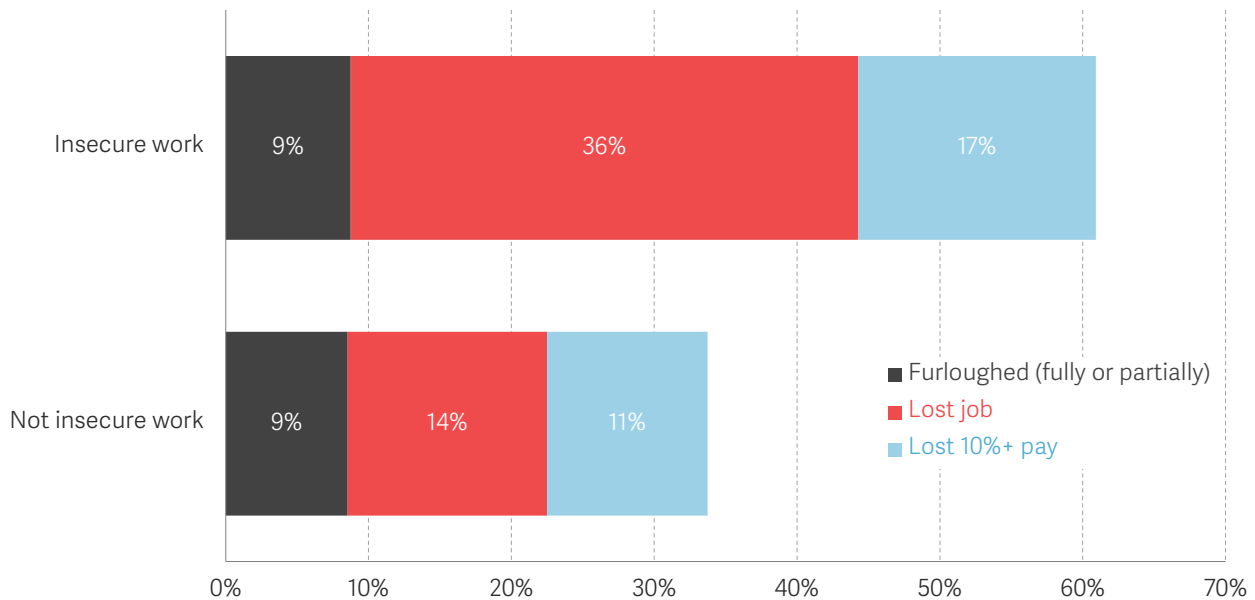
SOURCE: RF analysis of YouGov, Adults Age 18-65 and the Coronavirus (COVID-19), January 2021 wave.

It is the sector-specific nature of the current economic shock that has concentrated its impact on young people. In fact, very little of the pattern we see in Figure 13 can be explained by age alone: the disproportionate impact on under-25s has largely been driven by the fact that they are more likely to work in customer-facing sectors like hospitality, retail, and leisure.<sup>36</sup> This sectoral concentration, which is particularly pronounced in this recession, has by sheer chance made young people more vulnerable to this unique crisis. But the structural change we noted in Section 2 has also clearly played a role. Those young people who were in insecure work on the eve of the crisis have been most likely to lose their jobs: more than one-third (36 per cent) of 18-24-year-olds on a zero-hours, agency, or temporary contract before the crisis were no longer working in January 2021, compared to 14 per cent of those in more typical forms of work, as Figure 14 shows.

<sup>36</sup> Age accounted for less than 5 per cent of the explained variation in who was furloughed, no longer working, or had lost more than 10 per cent of their pay in January 2021, while sector accounted for more than half of the explained variation and atypical work (zero-hours contract, agency worker, temporary contract) explained more than a fifth. See: N Cominetti et al., *Long Covid in the labour market: The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery*, Resolution Foundation, February 2021.

**FIGURE 14: Young people in insecure work have been most likely to lose their jobs**

Proportion of 18-24-year-olds employed in February 2020 who in January 2021 were either no longer working, were furloughed, or whose earnings had fallen by 10 per cent (or more): UK, data collected 22-26 January 2021



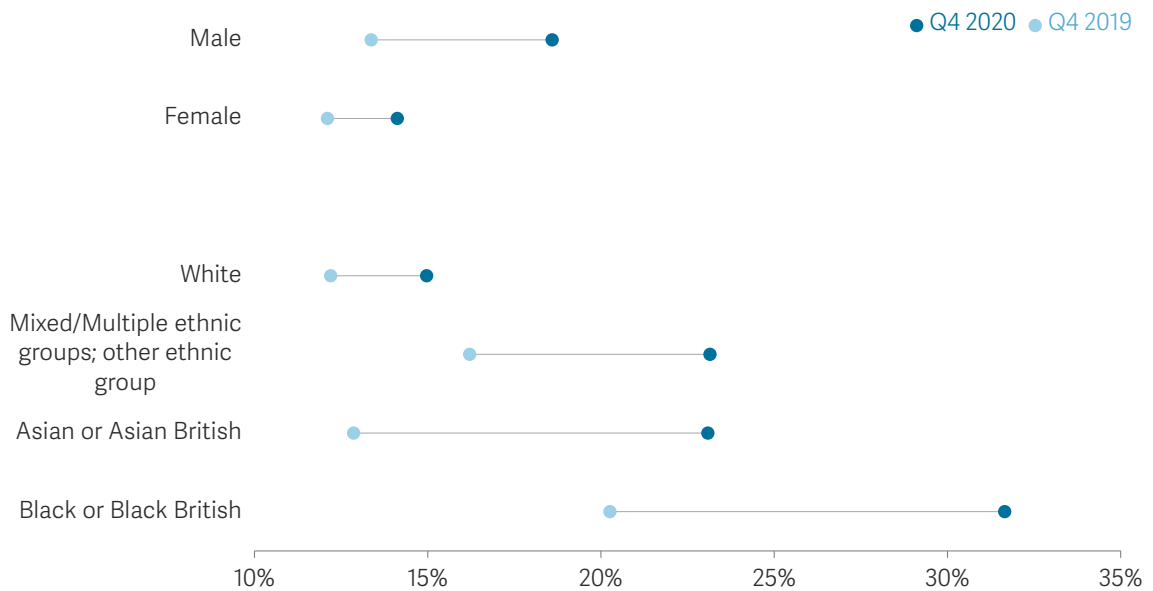
NOTES: Base = all 18-24-year-olds in employment in February 2020 (n=499). Base by categories: insecure work (zero-hours contract, agency worker, temporary contract) n=126; not insecure work n=373. These figures have been analysed independently by the Resolution Foundation.  
 SOURCE: RF analysis of YouGov, Adults Age 18-65 and the Coronavirus (COVID-19), January 2021 wave.

The labour market hit has not been equally distributed among young people, however.<sup>37</sup> Figure 14 shows the change in the share of young people who are unemployed or who are inactive but say they would like a job, broken down by selected demographic characteristics. While all of these subgroups have seen an increase in the share of people who are not working, but would like to, the rise has been biggest among men and ethnic minority groups. Black 18-24-year olds have experienced particularly marked increases, from one-in-five in the last quarter of 2019 to one-in-three in quarter four of 2020, further widening existing disparities. Black 18-24-year-olds are now 17 percentage points more likely than their White counterparts to be out of work despite wanting a job, compared to a gap of 8 percentage points before the crisis.

<sup>37</sup> For a full discussion of the impact of the Covid-19 crisis on different groups of young people, see: K Henehan, Uneven steps: Changes in youth unemployment and study since the onset of Covid-19, Resolution Foundation, April 2021.

**FIGURE 15: The labour market hit has widened existing inequalities among young people**

Proportion of 18-24-year-olds who were unemployed or inactive but would like a job, by sex, ethnicity: UK, Q4 2019 and Q4 2020



NOTES: The 'White' category includes 'White British', 'White Irish', 'Gypsy or Irish Traveller', and 'Any other White background'; 'Asian or Asian British' group includes 'Indian', 'Pakistani', 'Bangladeshi', 'Chinese' and 'Any other Asian background', and 'Black or Black British' includes 'Black African', 'Black Caribbean', and 'Any other Black / African / Caribbean background'. We were not able to split out these groups further, and had to combine the 'Mixed/Multiple ethnic groups' and 'Other ethnic group' categories, due to small sample sizes from the underlying survey.

SOURCE: RF analysis of ONS, Labour Force Survey.

## The pandemic has particularly affected young people’s mental health

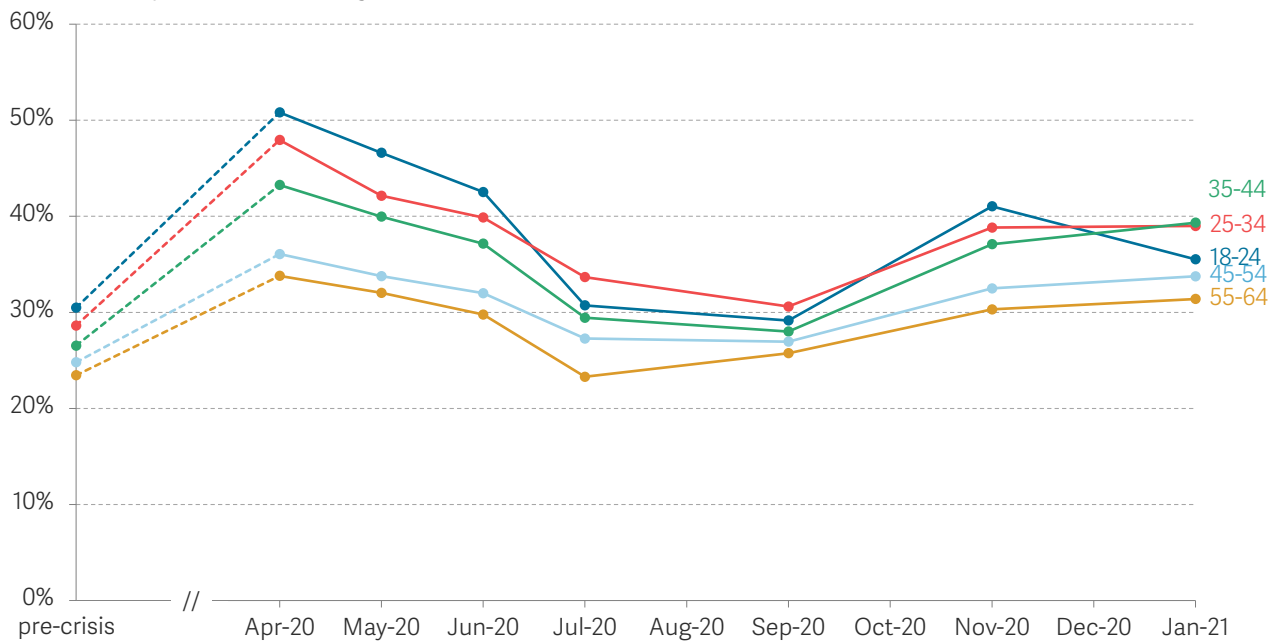
Pre-existing vulnerabilities combined with the sector-specific nature of this crisis, have led to young people facing significant challenges in the labour market. But another clear consequence of the pandemic has been rising mental health problems. Figure 16 shows working age adults experiencing mental health problems over the pandemic period, split out by age. At the start of the crisis, one-in-two (51 per cent) of 18-24-year-olds experienced a mental health problem, rising from three-in-ten (30 per cent) pre-crisis. But this age group has had a volatile time since. As restrictions eased over the summer, rates fell back to pre-crisis levels, but then soared once again in October 2020, only to drop sharply once more to 36 per cent in the latest wave of data available.<sup>38</sup>

<sup>38</sup> The finding that young people remain at risk is consistent with other studies. For example, see: Mental Health Foundation, [Coronavirus: The divergence of mental health experiences during the pandemic](#), Mental Health in the Pandemic Series 2, July 2020.



**FIGURE 16: Young people have had the most volatile mental health experience of any age group over the last year**

Proportion of working-age adults with a common mental disorder, by age: UK, 2018-2019 and April 2020-January 2021



NOTES: Respondents are classified as having a 'Common mental disorder' if they have a GHQ-12 score of three or more.

SOURCE: RF analysis of ISER, Understanding Society.

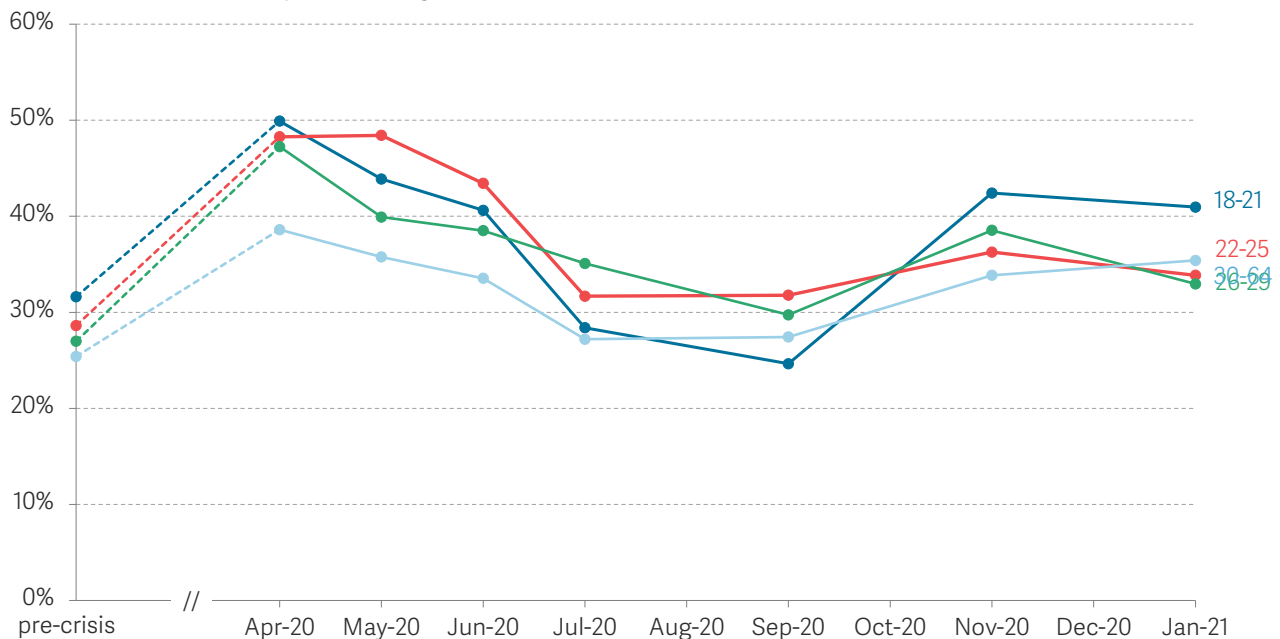
The timing of the peaks and troughs we see for the 18-24-year-old age group is suggestive, however, that the education calendar could be driving some of this trend. So, is the October turnaround a back-to-college uptick? We dig a little deeper into this in Figure 17 which splits out the age bands slightly differently (there is unfortunately no full-time student flag available in the data). Here, we note that the youngest of the young (18-21-year-olds) do appear instrumental, with their rates of CMDs standing at four-in-ten (40 per cent) in January 2021. One possible explanation for this trend is a high concentration of students in this age group, who may have faced disruption to their higher education and training.<sup>39</sup> In addition, many school leavers have faced difficulties finding work.<sup>40</sup>

<sup>39</sup> National Union of Students, [Over half of students' mental health is worse than before the pandemic](#), December 2020.

<sup>40</sup> K Henehan, [Class of 2020: Education leavers in the current crisis](#), Resolution Foundation, May 2020.

**FIGURE 17: The youngest of the young have found the pandemic an especially trying time**

Proportion of adults who meet the threshold for a common mental disorder, by age: UK, 2018-2019 and April-January 2021



NOTES: Respondents are classified as having a 'Common mental disorder' if they have a GHQ-12 score of three or more.

SOURCE: RF analysis of ISER, Understanding Society.

When we consider which individual characteristics placed young people at more risk as the crisis hit, women and those in lower income households stand out (Figure 18). Women typically present with higher levels of mental health problems than men, and as previous research shows, increasing levels of problems among women explained much of the pre-crisis rise among young people.<sup>41</sup>

The crisis has further entrenched this trend, rising from just over one-in-three (37 per cent) young women experiencing problems pre-crisis to more than one-in-two (56 per cent) in April 2020.<sup>42</sup> It is now known that women have faced greater burdens at home during the pandemic and have suffered more from the social restrictions that lockdowns have imposed, contributing to rising mental health problems since the start of the crisis.<sup>43</sup> But it is as yet unclear how much this relates to women's experiences in the labour market: although women and men have experienced very similar rates of job loss, furlough, and cuts to hours and pay,<sup>44</sup> women are more likely to be key workers, putting

<sup>41</sup> S McManus et al., *Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey*, NHS Digital, September 2016.

<sup>42</sup> Attrition limits our ability to examine change to January 2021, but we are mostly interested in relative change.

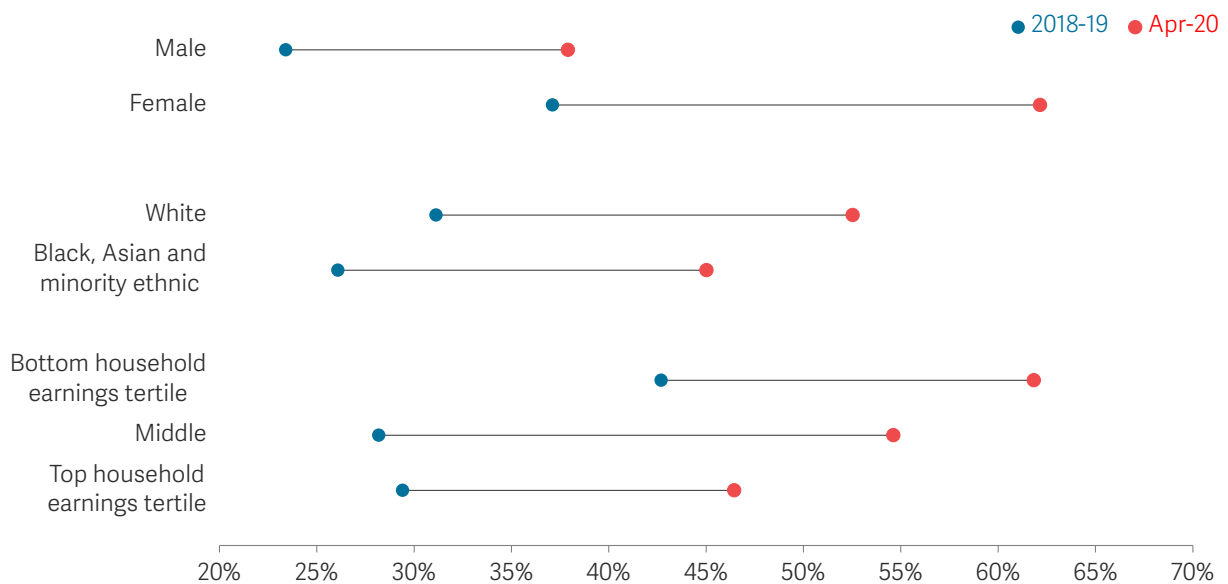
<sup>43</sup> B Etheridge & L Spantig, *The gender gap in mental well-being during the Covid-19 outbreak: Evidence from the UK*, Institute for Social and Economic Research Working Paper, June 2020.

<sup>44</sup> See: N Cominetti et al., *Long Covid in the labour market: The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery*, Resolution Foundation, February 2021; Office for National Statistics, *Labour market overview, UK*, April 2021; HM Revenue & Customs, *Coronavirus Job Retention Scheme statistics*, March 2021.

their health at risk,<sup>45</sup> while mothers have been more likely than fathers to have cut their working hours because of childcare and home-schooling.<sup>46</sup>

**FIGURE 18: Women and young people from lower-earning households have seen the biggest rise in mental health problems**

Share of 18-24-year-olds with a common mental disorder, by characteristic: UK, 2018-2019 and April 2020



NOTES: Respondents are classified as having a 'Common mental disorder' if they have a GHQ-12 score of three or more. The aggregated 'Black, Asian and minority ethnic' category includes those who defined their ethnicity as Black or Black British, Asian or Asian British, Mixed or Multiple ethnic groups, or Other ethnic group, but not White ethnic minorities such as Gypsy or Irish Traveller. While we recognise the importance of looking at each ethnic group individually, we were not able to separate out further due to data constraints.

SOURCE: RF analysis of ISER, Understanding Society.

There was also a clear income gradient to the distribution of mental health problems as the crisis hit. Rates of mental health problems among young people in the lowest-earning households reached more than three-fifths (62 per cent) as the crisis hit. And while 18-24-year-olds in the middle and highest earning households were equally likely to face mental health problems before the crisis (28 per cent and 29 per cent respectively), those in higher earning households have been relatively protected in the crisis, with their rates of mental health problems rising to 'only' 46 per cent compared to 55 per cent of middle earners. This earnings gradient is perhaps an unsurprising finding in the context of the wider literature: since poverty is strongly related to mental health problems, we

<sup>45</sup> N Cominetti, L Gardiner & H Slaughter, *The Full Monty: Facing up to the challenge of the coronavirus labour market crisis*, Resolution Foundation, June 2020.

<sup>46</sup> T Bell & L Judge, *Lockdown lessons: What 2020 has to teach us about the difficult weeks ahead*, Resolution Foundation, January 2021.

can expect those in lower-income households to be more vulnerable.<sup>47</sup> Low earnings may also be linked to poorer-quality housing, while lower earners are more likely to have faced economic hits during the crisis.<sup>48</sup>

Finally, ethnic minority youth and White youth both saw large increases in mental health problems compared to pre-crisis, a rise of around 20 percentage points in each case. Data constraints mean that we cannot break down this group further, but more granular evidence from other studies shows that Black young people, in particular, had higher rates of mental ill health at the start of the crisis,<sup>49</sup> and coupled with disproportionate increases in unemployment, may be even more likely to suffer 'scarring effects' than other minorities. It is also likely that other characteristics, such as disability and socioeconomic status, place certain young people at greater risk, and these characteristics are likely to interact: young Black men, for example, are commonly highlighted as having been harder hit in education, mental health and the labour market during this crisis.<sup>50</sup> A key aim of this project, therefore, is to identify which young people need swift intervention due to some of these interacting characteristics, and what should be done to rebuild their lives.

## The crisis has precipitated a rise in the share of young people experiencing 'new' mental health problems

Anxiety, panic and depression are common responses to ongoing uncertainty, and coupled with the severity of the economic downturn and strict social restrictions imposed by repeated lockdowns, it is perhaps unsurprising that mental health problems have increased over the last year. In Section 2 we showed that a significant and growing share of young people entered the crisis with a common mental disorder. But have these unique circumstances, which are distinct to the Covid-19 crisis, instigated a rise in problems even among those who had relatively good mental health before?

In Figure 19 we plot the incidence of 18-24-year-olds with symptoms reaching threshold levels of a common mental disorder over the Covid-19 period, among those, a) with a mental health problem the year prior, and b) who did not have a mental health problem the year prior. Four-in-ten young people (40 per cent) who did not have existing mental health problems the year prior, had 'new' difficulties in April 2020; this is double the

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<sup>47</sup> I Elliott, *Poverty and Mental Health: A review to inform the Joseph Rowntree Foundation's Anti-Poverty Strategy*, Mental Health Foundation, June 2016.

<sup>48</sup> N Cominetti et al., *Long Covid in the labour market: The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery*, Resolution Foundation, February 2021.

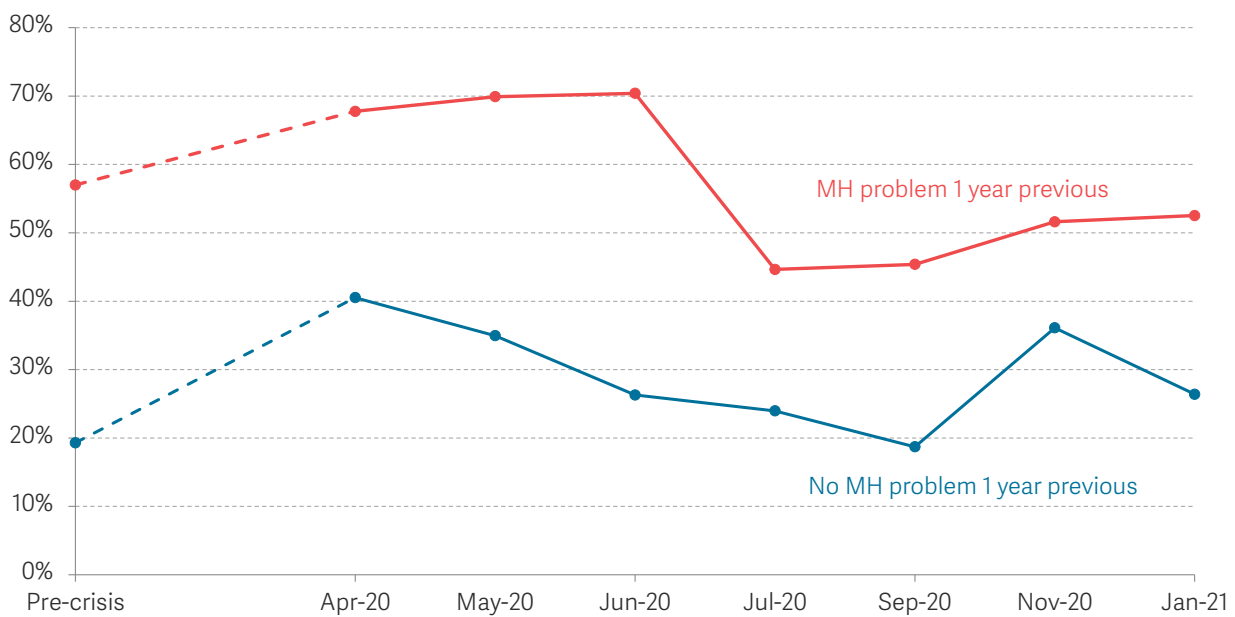
<sup>49</sup> H Dewar et al., *CCopeY: A Mixed-Methods Coproduced Study on the Mental Health Status and Coping Strategies of Young People During COVID-19 UK Lockdown*, *Journal of Adolescent Health* 68(4), February 2021.

<sup>50</sup> K Abdinasir & S Carty, *Young Black men's mental health during Covid-19: Experiences from the Shifting the Dial project*, Centre for Mental Health, March 2021.

‘normal’ share of this group who would present with a CMD (20 per cent in 2018-2019).<sup>51</sup> Moreover, while the levels have fallen as the pandemic period has unrolled, the incidence of ‘new’ CMDs in the 18-24-year-old group remains elevated at 26 per cent in January 2021. This contrasts to the trajectory of those young people who did have a mental health problem the year prior to the pandemic, whose rate of CMD has now fallen below the pre-pandemic norm.

**FIGURE 19: The rate of young people with ‘new’ problems doubled at the outset of the pandemic**

Proportion of 18-24-year-olds with a common mental disorder who did and did not have one before the crisis: UK, April 2020-January 2021



NOTES: Respondents are classified as having a ‘Common mental disorder’ if they have a GHQ-12 score of three or more.

SOURCE: RF analysis of ISER, Understanding Society.

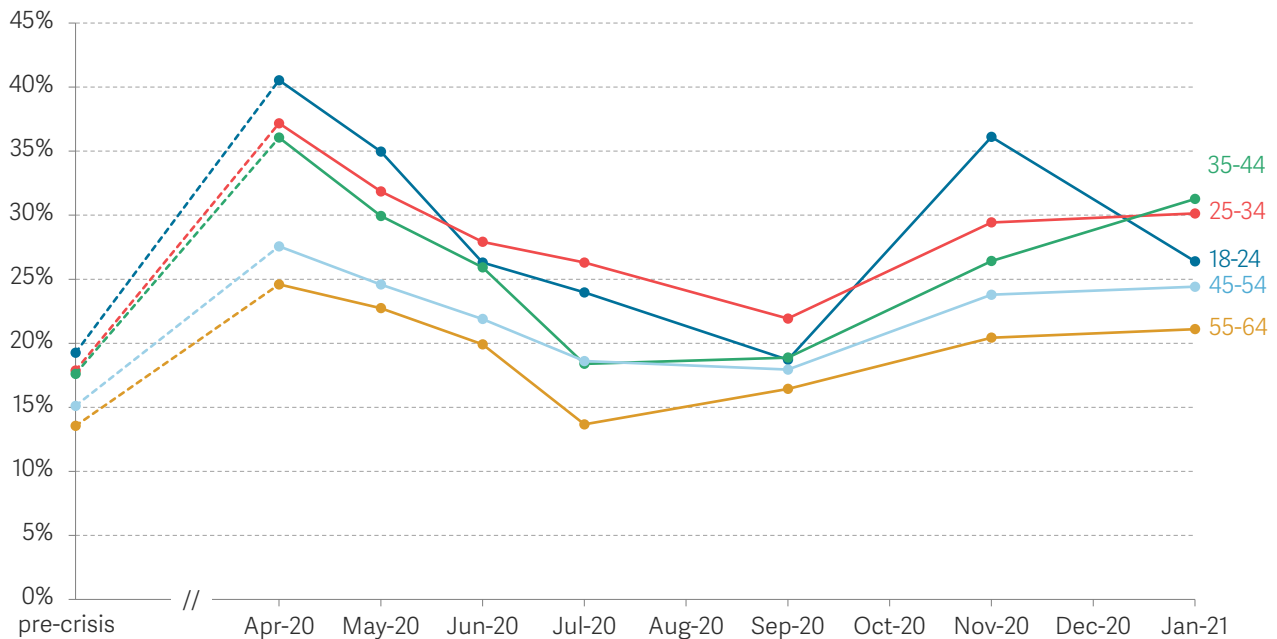
Our analysis suggests, then, that the crisis instigated a sharp rise in the proportion of previously ‘healthy’ young people experiencing ‘new’ mental health problems. But is this any different from the experience of other age groups? In Figure 20 we show the share of the various age groups who had no CMDs the year prior but who have subsequently reported poor mental health. The share of 18-24-year-olds experiencing ‘new’ problems was higher than for older age groups at the start of the crisis, but has dipped above and below others since. When we look beneath the skin of this chart, however and once again employ finer age breaks, the incidence of ‘new’ CMDs among 18-21-year olds remains

<sup>51</sup> ‘New’ does not imply that these people did not have any prior history of mental health problems. Some people may have experienced difficulties at some point before the preceding year, or had symptoms in the interim between the preceding year and the point at which they were surveyed, but we assume they had relatively good mental health in the year preceding compared to those who reported difficulties.

higher than all older age groups even in recent months, one-in-three in January 2021, compared to one-in-four averaged across all older age groups.

**FIGURE 20: The rate of young people with 'new' mental health problems doubled at the start of the crisis**

Proportion of adults with a common mental disorder who did not have one a year earlier, by age: UK, 2018-2019 and April 2020-January 2021



NOTES: Respondents are classified as having a 'Common mental disorder' if they have a GHQ-12 score of three or more.  
SOURCE: RF analysis of ISER, Understanding Society.

## There is a clear link between poor mental health and labour market struggles

All of our Covid-19 analysis begs an important question: to what extent is the mental health crisis of young people (and especially those who were healthy prior to the pandemic) associated with labour market events? We know that unemployment is a risk factor for mental health problems, and the fact that young people have been hardest hit in terms of job loss already suggests one explanation of their rising rates of mental health problems. In Figure 21 we show rates of self-assessed mental health status (a slightly different measure from one derived from the GHQ)<sup>52</sup> for 18-35-year-olds who were in work prior to the pandemic, contingent on changes to their work status over the last year.<sup>53</sup> As this makes clear, more than one-third (36 per cent) those who have left work

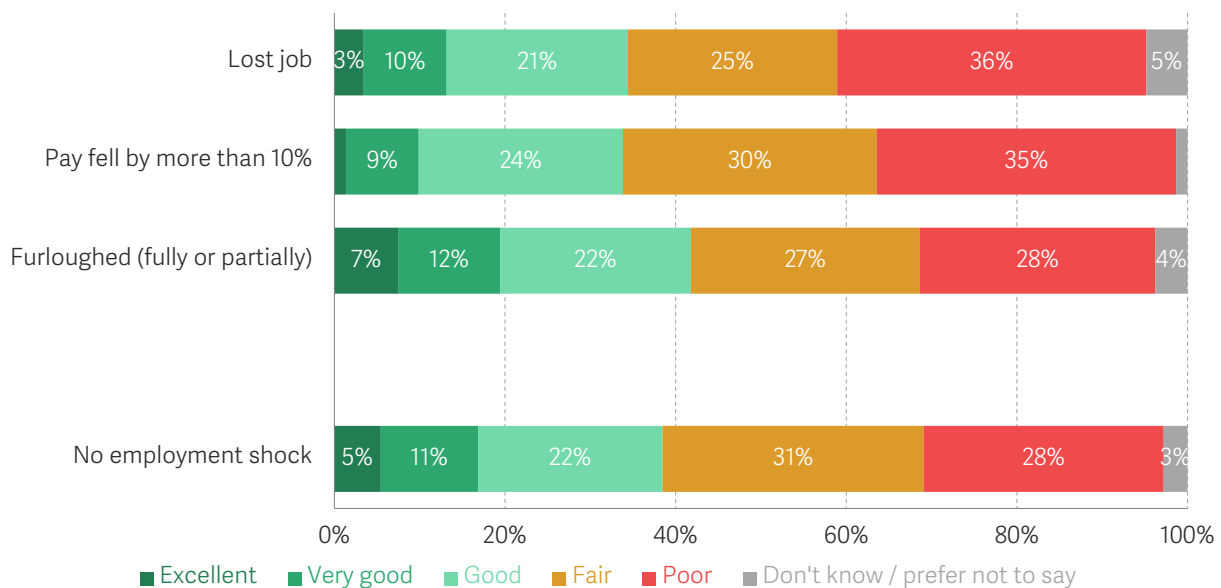
<sup>52</sup> While this metric is not a diagnostic tool it nonetheless gives a sense of the relative prevalence of mental health problems within the population. The GHQ scale was not available for this analysis.

<sup>53</sup> We extend our age band beyond our usual 18-24-year-olds here to ensure sufficient sample size.

over the pandemic period rate their mental health as ‘poor’, closely followed by those young people who have seen their pay fall significantly (35 per cent). But if the experience of the Covid-19 crisis has had one saving grace, it has been the Job Retention Scheme (JRS).<sup>54</sup> Young people who were furloughed were less likely to view their mental health as ‘poor’ (28 per cent) than the two previous groups. Overall, a scheme which was primarily designed to save jobs appears to have also prevented mental health problems for some, with young people on furlough no more likely to report poor mental health than those who had experienced no change in employment activity over the pandemic period.

**FIGURE 21: The Job Retention Scheme has cushioned the blow for young people when it comes to mental health problems**

Self-rated mental health status of 18-35-year-olds, by change in employment status between February 2020 and January 2021: UK, 22-26 January 2021



NOTES: Base = all 18-35-year-olds in employment in February 2020 with non-missing observations for change in employment status, furlough status and pay status (n=1,831). Base by categories: furloughed (fully or partially) n=134; no longer working n=146; pay fell by more than 10 per cent n=222; other/no change n=1,329. These figures have been analysed independently by the Resolution Foundation. SOURCE: RF analysis of YouGov, Adults aged 18-65 and the Coronavirus (Covid-19) - January wave.

But if we turn to look at how being in an insecure job during the crisis has affected mental health, we find a more worrying picture. Prior to the crisis, being employed - even in an insecure job - was better for mental health than unemployment. But this appears not to be true if in an insecure job during the crisis. Figure 22 shows subjective assessments of individuals’ mental health by type of economic activity in January 2021.

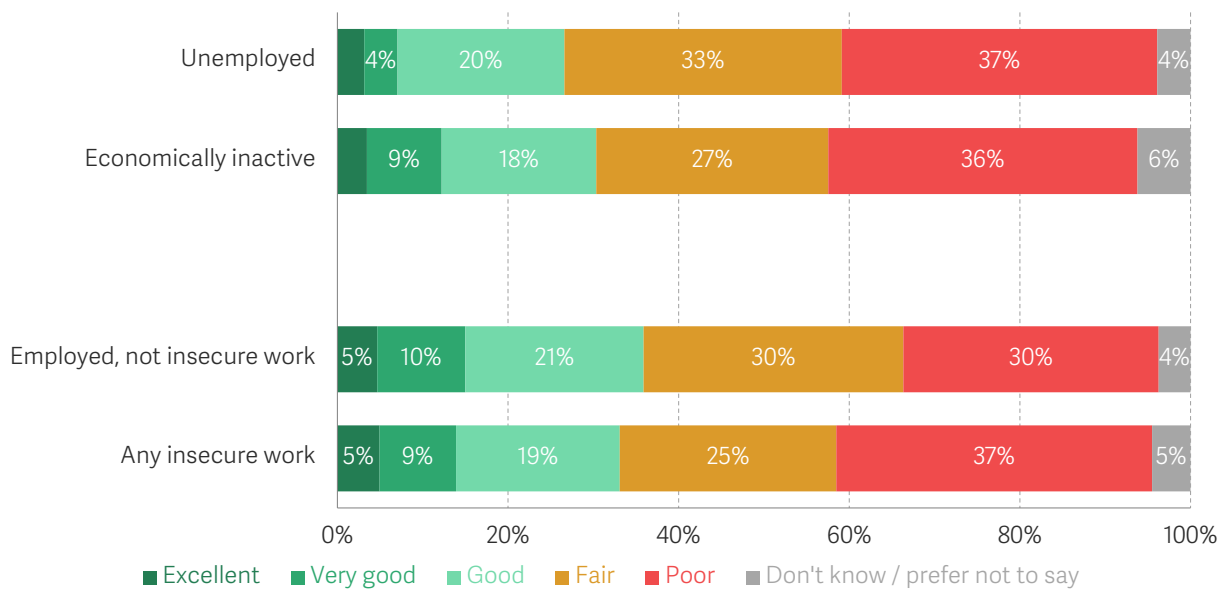
<sup>54</sup> For example, see: N Smith, I Taylor & V Kolbas, *Exploring the relationship between economic security, furlough and mental distress*, NatCen Social Research, November 2020; B Burchell et al., *Cut hours, not people: No work, furlough, short hours and mental health during the COVID-19 pandemic in the UK*, University of Cambridge Judge Business School Working Paper 521, July 2020.



More than one-third (37 per cent) of young people in any type of insecure work rated their mental health as being 'poor', and as might be expected, the rate was higher than if in more secure employment (30 per cent). However, being in insecure work appears to have posed more an equal risk to mental health as being unemployed (also 37 per cent).

**FIGURE 22: Young people in insecure work were more likely to rate their mental health as 'poor' than any other employment status**

Self-rated mental health status of 18-35-year-olds, by economic activity: UK, 22-26 January 2021



NOTES: Base = all 18-35-year-olds who provided information on their employment status in January 2021 (n=2,326). Base by categories: unemployed n=129; economically inactive n=436; employed, not insecure work n=2,149; any insecure work n=224. Insecure work refers to those who are on a temporary contract, an agency worker, or on a zero-hours contract. These figures have been analysed independently by the Resolution Foundation.

SOURCE: RF analysis of YouGov, Adults aged 18-65 and the Coronavirus (Covid-19) - January wave.

We should be cautious in leaping to conclusions from one set of results such as these, not least because one-in-three insecure workers rate their mental health as being good or excellent. However, there are some possible explanations as to why a non-trivial proportion of insecure workers have faced difficulties. It is possible, for example that students who form a large part of the insecure workforce, are driving these results given the additional pressures they have faced as a result of disrupted study over the past year.<sup>55</sup> Likewise, it is conceivable that young workers on insecure contracts are aware their jobs are under threat, and the associated stress of this has contributed to their difficulties. Uncertainty about a possible future threat, such as potential job loss, can

<sup>55</sup> For example, see: [National Union of Students, NUS student survey sends clear message to government – invest in mental health now](#), December 2020.

lead to anxiety because individuals feel unable to avoid or mitigate against the negative impact of the event.<sup>56</sup>

Insecure workers may also have faced greater risk of, and worries about, contracting Covid-19, particularly if working in sectors like social care, where zero-hours contracts are particularly prevalent.<sup>57</sup> The relationship between insecure work and mental health problems is clearly a complex one, but it is important to understand, as it may point to how mental health problems can be prevented even if workers are unable to secure more stable forms of employment as the economy recovers.<sup>58</sup>

Overall, we end this section with a clear conclusion: young people have experienced a double and disproportionate hit when it comes to both labour market and mental health outcomes over the pandemic period, and it is likely the two are related. How young people will fare as the economy recovers is an open question, but we can look to the past for lessons. In the following section, then, we consider what we might expect for young people's employment and mental health prospects in the months and years to come.

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<sup>56</sup> D Grupe & J Nitschke, *Uncertainty and Anticipation in Anxiety*, *Nature Reviews Neuroscience* 14(7), December 2014.

<sup>57</sup> N Cominetti, L Gardiner & G Kelly, *What happens after the clapping finishes? The pay, terms and conditions we choose for our care workers*, Resolution Foundation, April 2020.

<sup>58</sup> J Llosa et al., *Job insecurity and mental health: A meta-analytical review of the consequences of precarious work in clinical disorders*, *Anales de Psicología* 34(2), April 2018.

## Section 4

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# Future prospects for young people's employment and mental health

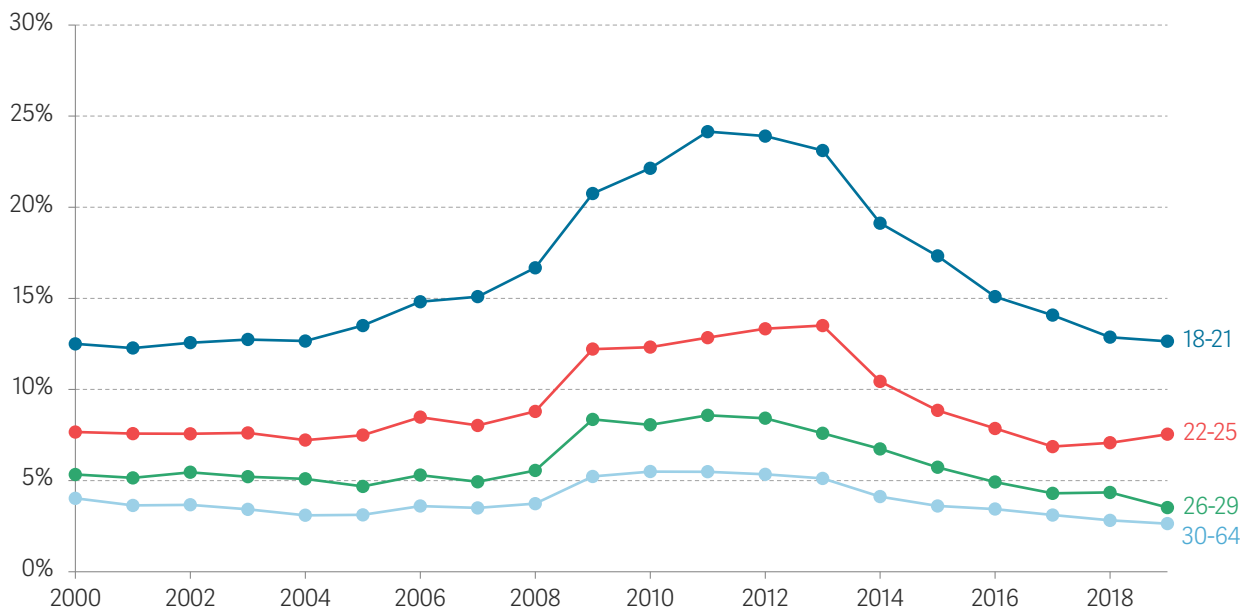
In the previous section we showed that the Covid-19 crisis has a number of distinctive features. Critically, young people have been hardest hit when it comes to the labour market, and have also suffered a more serious shock to their mental health than those in older age groups. In this section we consider how young people's lives may be affected in the medium term, in light of both of these factors, by examining mental health and labour market outcomes in the early aftermath of the financial crisis. We find that, while unemployment rose most among young people, those with mental health problems were more likely to be affected. This suggests that the effects of the Covid-19 crisis on young people's mental health and employment prospects could persist for some time.

## High and enduring youth unemployment would be bad for mental health and longer-term labour market outcomes

It is, of course, impossible to know exactly what the long-term impact of the Covid-19 crisis will be on young people today. However, looking back at how the previous economic downturn hit impacted young people is a useful starting point. We begin with Figure 23 which makes an obvious but important point: that the financial crisis and its aftermath had a big impact on youth unemployment, and on the youngest age groups most of all. The unemployment rate for 18-21-year-olds rose from 15 per cent to 24 per cent between 2007 and 2011, while that for 22-25-year-olds rose from 8 per cent to 13 per cent over the same period. Moreover, this was not a short-lived phenomenon: by 2015, 17 per cent of 18-21-year-olds and 9 per cent of 22-25-year-olds were unemployed, and youth unemployment did not return to pre-crisis levels until the end of 2016.

FIGURE 23: Unemployment rose most for the youngest age groups after the financial crisis

Unemployment rate, by age: UK, 2000-2019



NOTES: Unemployment rate calculated as a share of economically active people.  
SOURCE: RF analysis of ONS, Labour Force Survey.

This is an important finding as we look to the future, because official forecasts suggest that higher unemployment in the wake of the Covid-19 crisis is yet to come: the Bank of England, for example, has predicted that unemployment will reach its peak in Q3 2021, as the Job Retention Scheme (JRS) comes to an end.<sup>59</sup> The exact numbers moving from furlough to unemployment will ultimately depend on factors such as the pace of economic recovery, but the fact that young people are the most likely age group to be furloughed puts them at the highest risk of unemployment as the scheme unwinds. This in turn suggests that, when it comes to young people’s employment prospects, the crisis may be at an early stage.

High and enduring rates of youth unemployment coming out of the pandemic period would clearly put further downward pressure on young people’s mental health. Moreover, the repercussions from facing a tough labour market when in one’s late teens or early twenties can last many years. It is now well-documented that economic shocks damage young people’s pay and employment prospects, not just at the height of a crisis, but for years to come. For example, previous Resolution Foundation research found that entering the labour market in the wake of the financial crisis had detrimental impacts on employment and pay prospects in the medium term.<sup>60</sup>

<sup>59</sup> Bank of England, *Monetary Policy Report*, May 2021.

<sup>60</sup> S Clarke, *Growing pains: The impact of leaving education during a recession on earnings and employment*, Resolution Foundation, May 2019.

## An increased use of insecure workers in the post-crisis period would pose another risk to young people's mental health

Although unemployment is the most detrimental outcome for young people when it comes to both their labour market prospects and their mental health, we should not forget about job quality as the economy begins to recover. Once again, the experience of coming out of the financial crisis sounds a cautionary note. As we saw in Figure 4, rates of insecure work rose dramatically in the wake of the financial crisis, with young people at the sharp end of this trend (and then, of course, this became an enduring feature of the labour market).<sup>61</sup> In the uncertainty of the Covid-19 recovery period, it is plausible that employers will make greater use of atypical workers, such as those on zero-hours and temporary contracts, to build up capacity while avoiding costly commitments to permanent staff. Indeed, in January 2021, 21 per cent of working respondents who had moved into a new job since February 2020 were employed on an insecure contract (temporary, agency, or zero-hours contract), compared to 8 per cent of all workers.<sup>62</sup>

Of course, increased use of atypical contracts can boost employment, and may be the price we pay in the short-term for getting more people back into the workforce. But, for many workers, atypical work comes at the expense of job quality. Previous Resolution Foundation analysis has shown that insecure forms of work come with a pay penalty of 29-69p per hour compared to workers on more standard contracts.<sup>63</sup> And, although in some cases flexibility can benefit workers as well as firms, too often it is employers who hold the power, leaving workers facing instability.<sup>64</sup>

But alongside these important impacts on living standards, we have also shown that insecure work is associated with poorer mental health for young people compared to those in standard employment (and our Covid-19 analysis suggests that, in some cases, insecure work is worse for young people's mental health than being unemployed). Putting all this together, it is clear that a rise in insecure work following the Covid-19 crisis risks driving up mental health problems for young people still further, as young people are more likely to than average to work in these types of roles.

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<sup>61</sup> Two-thirds of the employment growth over the decade following the financial crisis was in atypical work, including self-employment, part time work, temporary jobs, and agency work. See: S Clarke, [Growing pains: The impact of leaving education during a recession on earnings and employment](#), Resolution Foundation, May 2019 for further details.

<sup>62</sup> Data collected 22-26 January 2021. Base = all 18-65-year-olds in employment in January 2021 (n=4,603). Base for those with a new job since the start of the crisis = 496. These figures have been analysed independently by the Resolution Foundation. Source: RF analysis of YouGov, Adults Aged 18-65 and the Coronavirus (Covid-19) – January 2021 wave.

<sup>63</sup> S Clarke & N Cominetti, [Setting the record straight: How record employment has changed the UK](#), Resolution Foundation, January 2019.

<sup>64</sup> For example, in December 2020, almost two-fifths of workers had less than a week's notice over their working patterns, while 7 per cent had less than 24 hours' notice. Living Wage Foundation, [Almost two-fifths of working adults given less than a week's notice of working hours](#), April 2021.

## The Covid-19 mental health shock could have long-term consequences for young people's labour market prospects

But this crisis, of course, has a second key challenge: a huge hit to mental health, over and above what we would see in a normal downturn (as Figure 9 and Figure 16 so clearly show). Given the evidence presented throughout this report that shows a negative association between mental health and poor labour market outcomes, it is important to understand the potential long-term implications of this on young people's job prospects. Again, the best evidence we have on what today's young people's trajectories could look like coming out of the Covid-19 crisis stems from observing past recessions.

In Figure 24, for example, we track employment outcomes for the cohort who were aged 18-29 (excluding full-time students) during the two calendar years, 2010-2011, in the wake of the financial crisis when unemployment was near its peak.<sup>65</sup> We focus first on those who were in employment in 2010-2011 (the top two categories on the left-hand side). By 2014-2015, 92 per cent of those who did not meet the criteria for a common mental disorder in 2010-2011 were in employment, leaving 8 per cent no longer working. But among those who had symptoms of a mental health condition ("Employed, CMD"), some 14 per cent had left employment.<sup>66</sup> While this is a descriptive analysis that does not control for other characteristics of this group, there are at least initial signs that poor mental health is linked to poorer employment outcomes in the longer term, even among those who have a history being in work. This is undoubtedly an area that requires further exploration, with the long-term implications of mental health on labour market outcomes being a key focus of our research going forward. But Figure 24 provides clear warning signs that mental health may have scarring effects on future labour market outcomes, in a similar way to spells out of work.

Figure 24 tells us something interesting about the fortunes of those who were out of work in the aftermath of the financial crisis, and also had a mental health condition at that time (the bottom two sections of Figure 24). Here, the distinction between the labour market outcomes of those with and without a mental health condition was less stark. This suggests that the key area of concern for those with a mental health condition over this period was maintaining employment, rather than moving into work – but further exploration is needed to say whether this holds true for all groups of young people (for example, there may be differences between the trajectories of men and women).

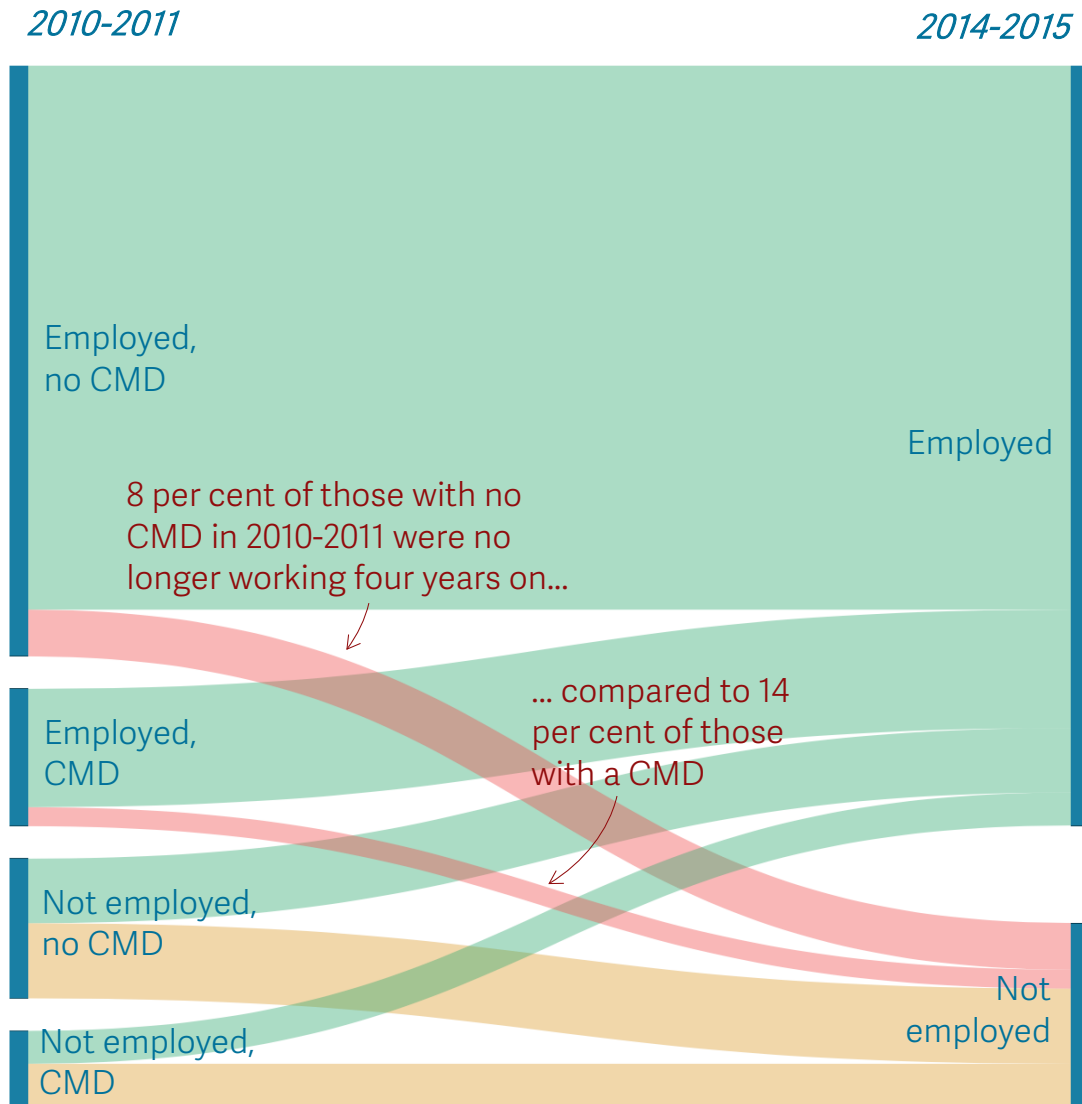
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<sup>65</sup> We extend the age band here beyond the conventional 18-24-years due to small sample sizes.

<sup>66</sup> Sensitivity checks show that these patterns are robust to small variations in the start year and the length of the period we look at.

**FIGURE 24: Young adults with a mental health problem in 2010-2011 were more likely to be out of work four years on than those without**

Proportion of 18-29-year-olds (excluding full-time students) by employment status and mental health status: UK, 2010-2011 and 2014-2015



NOTES: Respondents are classified as having a 'Common mental disorder' if they have a GHQ-12 score of three or more.

SOURCE: RF analysis of ISER, Understanding Society.

To understand what this means in the context of the Covid-19 crisis, we must also ask whether this pattern between mental health and subsequent employment always holds, or whether it is unique to recessions. Figure 25 therefore examines the fortunes of young people over the period 2014-2015 and 2018-2019, when the labour market was much stronger.<sup>67</sup> We again look first at those who were in employment at the start of the period

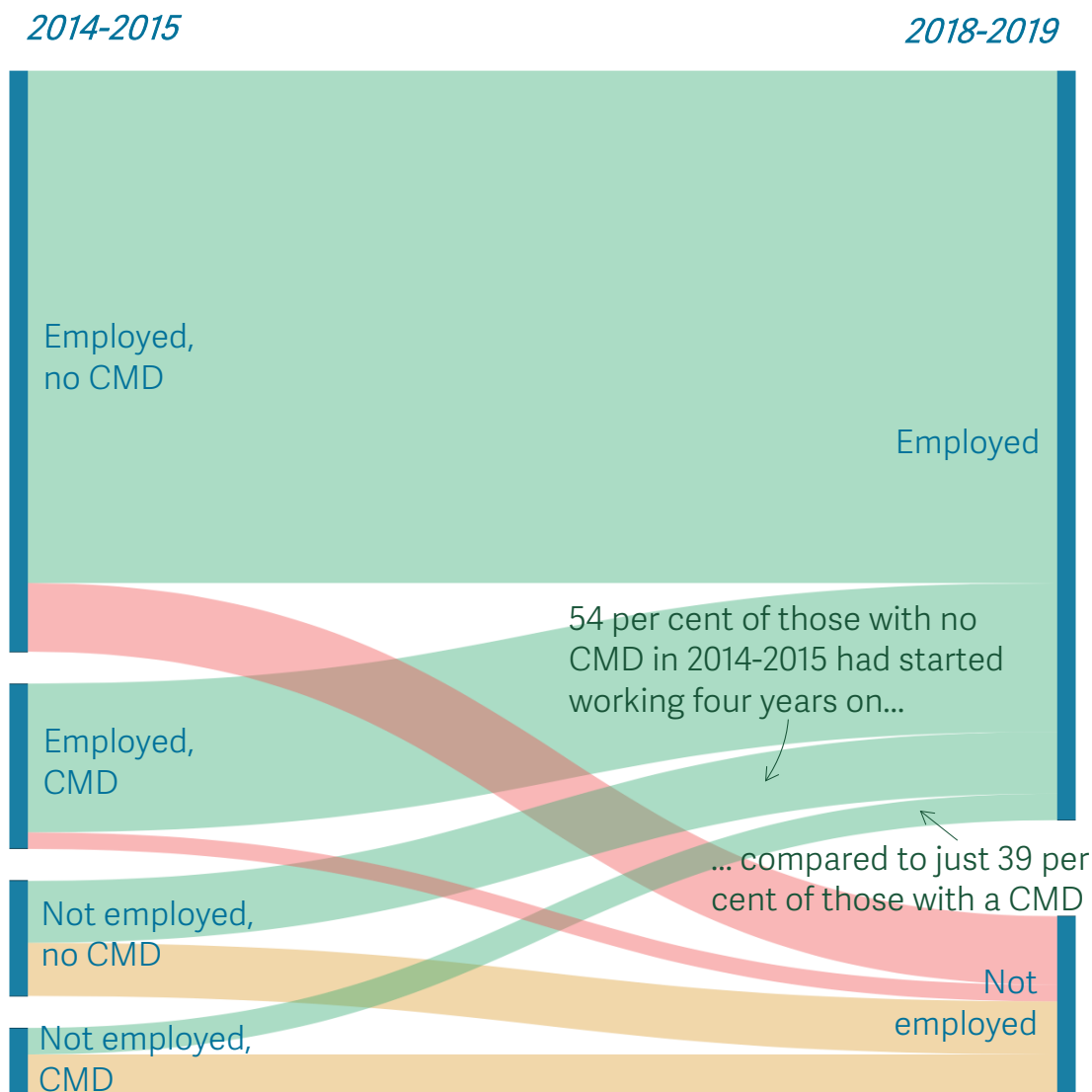
<sup>67</sup> As above, we have carried out sensitivity checks to ensure that these conclusions are robust to small variations in the start year and the length of the period we look at.



(the top two categories on the left-hand side of Figure 25). Figure 24 showed that those with a mental health problem in 2010-2011 had substantially higher chances of being out of work (compared to those without a mental health condition) four years on, but this pattern was not seen in a comparable cohort in 2014-2015. In fact, those who started out in employment with a mental health condition in 2014-2015 appeared to be slightly less likely to be out of work in 2018-2019 (10 per cent) than those without a mental health problem (12 per cent).

**FIGURE 25: Outside of a recession, mental health has much smaller implications for longer-term labour market outcomes**

Proportion of 18-29-year-olds (excluding full-time students) by employment status and mental health status: UK, 2014-2015 and 2018-2019



NOTES: Respondents are classified as having a 'Common mental disorder' if they have a GHQ-12 score of three or more.  
SOURCE: RF analysis of ISER, Understanding Society.

On the other hand, focusing on those who were not working in 2014-2015 (the bottom two segments on the left-hand side of Figure 25), those with a mental health condition appear to be more disadvantaged than both their counterparts who were out of work in 2010-2011, and young people out of work and without a mental health condition in 2014-2015. By 2018-2019, just 39 per cent of those who had had mental health problems had entered work, compared to 54 per cent of those with better mental health. It may be the case that in better economic times, the link between mental health and labour market outcomes manifests more through people not entering work in the first place, than through leaving the labour force. However, future exploration will help to understand any compositional drivers that could have an impact on these labour market trajectories.

Although this Covid-19 crisis is unique, there are lessons to be drawn from the financial crisis about how labour market and mental health outcomes could play out for young people over the coming years. Overall, our work suggests that the pandemic-induced labour market and mental health crises could have scarring effects far beyond the ending of social-distancing restrictions. The following section concludes with thoughts on how policy makers should respond.

## Section 5

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### Conclusions

A growing body of evidence has emerged since the start of the pandemic highlighting the negative impact of the Covid-19 crisis on the nation's living standards and mental health. But to date, few have focused exclusively on the experiences of young people. Over the course of this report we have demonstrated the especial vulnerability of this age group: they were at the sharp end of structural changes going into the crisis; have been hardest hit by the pandemic when it comes to both labour market outcomes and their mental health; and are at risk of these experiences having an enduring impact on their longer-term living standards.

This report makes clear that we need to tackle both the labour market and mental health aspects of this crisis together. So, what should be on policy makers' radar as they consider how best to navigate the country out of the Covid-19 period?

Our findings throughout this report strongly suggest a two-pronged approach is required to set young people on a good living standards course. Critically:

- Getting the economy going through effective stimulus measures is key. Direct government investment to create jobs in sectors such as social care and green jobs would provide opportunities for young and older workers alike, and would have a major advantage in being spread widely throughout the country.<sup>68</sup>
- That said, the Government should recognise that ongoing support may be needed in the hardest-hit sectors while social distancing unwinds. It is welcome that the JRS has been extended until September, but there is a risk that ongoing social distancing restrictions will mean that some businesses may take longer to return to full capacity. Targeted wage subsidies for some of the hardest-hit sectors such as leisure and hospitality would help employers to hold onto more workers as the

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<sup>68</sup> For further thoughts on this topic, see: N Cominetti, L Gardiner & H Slaughter, [The Full Monty: Facing up to the challenge of the coronavirus labour market crisis](#), Resolution Foundation, June 2020; N Cominetti et al., [Long Covid in the labour market: The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery](#), Resolution Foundation, February 2021.

recovery takes hold, benefiting young people who are more likely than average to work in these industries.<sup>69</sup>

- It is welcome that the Government has introduced the Kickstart scheme, funding six-month job placements for young people at risk of long-term unemployment.<sup>70</sup> However, the Kickstart scheme should be extended beyond the end of 2021 in recognition of renewed restrictions since the scheme was announced.<sup>71</sup>
- Alongside the Kickstart scheme, the Government has announced the Restart Scheme to provide targeted support to those who are long-term unemployed, a policy that bears some similarities to the Work Programme that operated between 2011 and 2017.<sup>72</sup> Policy makers should learn from previous interventions, however, which were shown to help the ‘ideal worker’, but were less effective for people with mental health problems. Only 11 per cent of people with mental health problems found work through the Work Programme, compared to 34 per cent of those with no known health conditions.<sup>73</sup>
- Even as the Government prioritises getting young people back into work, it should not lose sight of job quality. It is disappointing, therefore, that the Queen’s speech did not commit to a forthcoming Employment Bill, which would provide an opportunity to raise standards – such as by enhancing workers’ rights to request longer hours, advance notice of their working hours, and compensation for shifts cancelled at the last minute – so that young people have the opportunity to take up jobs that will have positive impacts on their mental health.<sup>74</sup>
- There is clear evidence that austerity led to a severe underfunding of mental health services during the 2010s.<sup>75</sup> The Government responded to Covid-19 pressures by expanding mental health services for those most affected, including young people and those in the most deprived areas, as part of the Mental Health Recovery Action Plan.<sup>76</sup> This funding will provide much needed support to a currently under-

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<sup>69</sup> For example, see: N Cominetti, L Gardiner & H Slaughter, [The Full Monty: Facing up to the challenge of the coronavirus labour market crisis](#), Resolution Foundation, June 2020; N Cominetti et al., [Long Covid in the labour market: The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery](#), Resolution Foundation, February 2021.

<sup>70</sup> This is not dissimilar to the Future Jobs Fund, which increased the employment rate of long-term jobseekers by 10 percentage points over 18 months. See: Department for Work and Pensions, [Impacts and costs and benefits of the Future Jobs Fund](#), November 2012 for further details.

<sup>71</sup> N Cominetti et al., [Long Covid in the labour market: The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery](#), Resolution Foundation, February 2021.

<sup>72</sup> For more details, see Box 3 of: T Bell et al., [Here today, gone tomorrow: Putting Spending Review 2020 into context](#), Resolution Foundation, November 2020.

<sup>73</sup> Mind et al., [Improving Lives: The Work, Health and Disability Green Paper – Mental Health Sector Response](#), 2017.

<sup>74</sup> T Bell, N Cominetti & H Slaughter, [A new settlement for the low paid: Beyond the minimum wage to dignity and respect](#), Resolution Foundation, June 2020.

<sup>75</sup> For example, see: I Cummins, [The Impact of Austerity on Mental Health Service Provision: A UK Perspective](#), International Journal of Environmental Research and Public Health, June 2018;

<sup>76</sup> HM Government, [Covid-19 mental health and wellbeing recovery action plan](#), March 2021.

resourced and underfunded system, and where some areas saw little significant investment in the years preceding the crisis.<sup>77</sup>

- Finally, studies have drawn a link between rising poverty and mental health problems.<sup>78</sup> Ensuring that young people have sufficient benefit support - when their incomes are affected by unemployment, working in low-pay jobs or illness - is critical if we are truly to tackle the nation's mental health problems. At the start of the pandemic, the Government increased Universal Credit and Working Tax Credit rates by £20 per week. This uplift should be made permanent, and extended to legacy benefits, to support living standards for those on low incomes.<sup>79</sup> The pandemic has also drawn attention to the much lower levels of support provided by the social security system to young people, with core levels of UC being some £16 a week lower for those under 25.

At a time when young people's employment and mental health have taken such a hard hit, it has never been more important to bring evidence to bear on these policy debates. Over the course of this research programme, much is likely to change for young people, as we begin to move out from the crisis and focus on recovery. But as well as shedding light on, and suggesting policies to support, young people during the Covid-19 crisis, the lessons and policy proposals from this programme will have implications far beyond the pandemic. This report has shown that young people face challenges to their mental health and labour market prospects, including much more insecurity than older workers, in both good times and bad. This research programme aims to ensure that effective support for young people is at the heart of future policy decisions in both the labour market and in mental health.

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<sup>77</sup> M Buchanan, [NHS Child mental health money 'missing' despite investment](#), BBC News, March 2016.

<sup>78</sup> United Nations, [Report of the Special Rapporteur on the right of everyone to the enjoyment of the highest attainable standard of physical and mental health](#), April 2019.

<sup>79</sup> M Brewer, K Handscomb & K Shah, [In need of support? Lessons from the Covid-19 crisis for our social security system](#), Resolution Foundation, April 2021.

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For more information on this report, contact:

**Rukmen Sehmi**

Senior Research and Policy Analyst

[rukmen.sehmi@resolutionfoundation.org](mailto:rukmen.sehmi@resolutionfoundation.org)

Resolution Foundation

2 Queen Anne's Gate

London SW1H 9AA

Charity Number: 1114839

