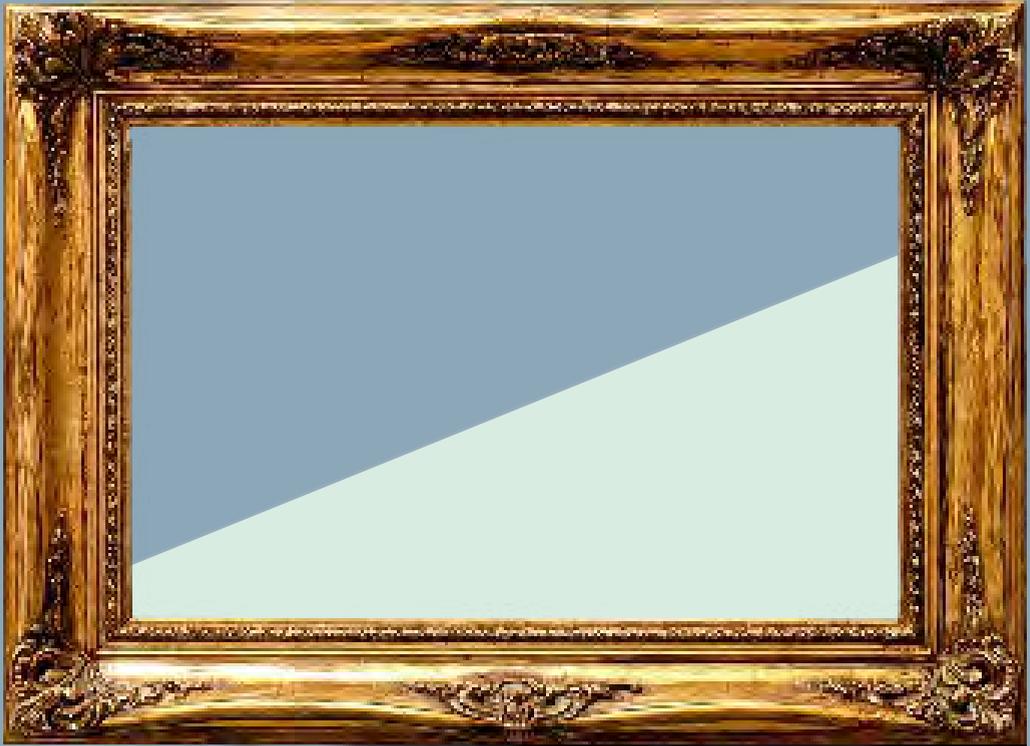


Unsung



Britain

*A portrait of the
country's poorer half*

Unsung Britain

A portrait of the country's poorer half

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Unsung Britain

- 1. The big slowdown:** Over the 40 years before 2004-05, the typical incomes of the poorer half of working-age families – a group we call ‘Unsung Britain’ – doubled. By contrast, if progress continues to crawl in the way it did between 2004-05 and 2023-24, a further doubling would take over 130 years.
- 2. Working harder:** The 20-64-year-old employment rate for people in lower-income families rose by 11 percentage points over the last 30 years. This contribution fully accounts for the total rise in UK employment.
- 3. A tale of two pay cheques:** Average gross annual household earnings for families in Unsung Britain have increased by £7,700 since the mid-1990s to £18,000 today – but nearly three-quarters of that increase took place before 2004-05. This petering out of earnings growth explains all of the slowdown in living standards growth since the mid-2000s.
- 4. Benefitting less:** Looking across the poorest half of households, average benefit income rose by £1,900 a year in real terms between 1994-95 and 2010-11, before falling by £1,600 between 2010-11 and 2023-24.
- 5. Missing out on mortgages:** In 1994-95, three-in-ten families in Unsung Britain had a mortgage. But by 2023-24, renting privately was the most common tenure (29 per cent), with the proportion living with parents (15 per cent) almost as high as the share of mortgaged families (17 per cent).

in 10 key facts

- 6. Work isn't working:** In the latest data, the majority (55 per cent) of non-pensioner families in poverty had someone in work. This is up from fewer than two-in-five families in the mid-1990s.
- 7. Crushing costs:** Between December 2019 and September 2025, annualised inflation experienced by the poorest families ran at a rate that was 0.7 percentage points faster than for the richest families. The cumulative effect of this has been to drag down incomes for the very lowest income relative to those at the top by more than 3 per cent.
- 8. Getting sicker:** Between 1995-96 and 2023-24, incidence of disability across [Unsung Britain](#) was up from 19 to 30 per cent, with most of the increase (83 per cent) not explained by ageing.
- 9. The forgotten million:** The latest data shows one million people in lower-income families have unpaid caring responsibilities that amount to at least the equivalent of a full-time job.
- 10. Building arrears:** Over the past decade arrears on energy bills have soared: the number of energy accounts behind on payments now totals over 1.6 million for gas and nearly 2 million for electricity. The average amount owed has roughly doubled since 2022.

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Executive Summary

Britain is not a nation at ease. We convened squeezed workers, carers and others – in places from Warrington to Worcester – and heard a sense of malcontent, voiced directly, which has been long years in the making. Things were felt to have got decidedly “harder” over the last generation, with the recent past particularly grim (“within four years, you could feel the slide”). There was bafflement about why things have played out so badly, when life was “never like this before.”

The material roots of this mood of unease trace to a prolonged stagnation in disposable incomes that stretches far and wide across the population, a phenomenon that the Resolution Foundation has documented in many past reports.

This book, however, examines how this petering out of progress has played out among working-age families in the lower half of the income spectrum. By dropping pensioners, an historically poor group that has now seen its relative fortunes improve over decades, we foreground those either dealing with the evolving realities of the workplace or confronting barriers to working. By concentrating on families in the bottom half of the range, we home in on those whose budgets inevitably have less slack to tighten during lean years. Our aim, then, is to focus on the sharp end of the country’s shared squeeze.

We dub our target group ‘Unsung’ because – as we shall show – over the last generation this segment of society has been quietly contributing a lot more to the economy (by working harder) and wider society (via more care, particularly of disabled adults). And yet the rewards this group enjoys have not been adjusted in line with the rising effort.

The latest official data, covering 2023-24, shows that typical disposable incomes among our target ‘Unsung’ group have been on the floor for almost 20 years, with annual growth a barely discernible 0.5 per cent. That compares to a 1.8 per cent annualised growth over the 40 years running up to 2004-05, and a particularly buoyant annualised growth of 4 per cent in the final decade of that period. The differences involved of a few percentage points compound over time with profound effects. Over the 40 years up to 2004-05, the incomes of our target group doubled; over the recession-free final decade, they had looked on course

to double in 18 years. By contrast, if progress continues to crawl in the way it has since the mid-2000s, a further doubling would take over 130 years.

While the squeeze is widespread, affecting the top half of the income distribution as well as the bottom, there is one important – and nasty – twist relating to the lowest rungs on the ladder. At the 10th percentile, incomes have cumulatively sunk outright by 3 per cent over two decades. Further down the range, mis-reported and volatile incomes notoriously cloud the data, but looking even lower down, such as the 5th percentile, the evidence suggests a still sharper decline.

Moving picture

Against this backdrop, this book draws together an 18-month programme of research to expose, analyse and start thinking about how to improve the material realities of working-age families with below-average disposable incomes. Our overall period is ‘the last generation’, stretching back to the mid-1990s, and it is useful to consider this full 30 years, not least because the first decade gives us a comparative reminder of how conditions were evolving before stagnation set in. But our focus is what happens once the big squeeze takes hold. When it comes to disposable incomes, the data tells us that this happened earlier than is commonly remembered; the stalling of pay and productivity occurred around 2005, and thus before the financial crisis.

Since that time, however, a run of disruptions has given the story a series of twists: the bursting of the credit bubble in 2007-08, the uncertainty following the Brexit vote in 2016, the unprecedented emergency of the pandemic in 2020, and then – most recently – the energy shock that began in 2022. Different items on this list were particularly important for different aspects of living standards, and throughout we will see the important role of government policy in shaping incomes too. Applying ourselves to the big changes considered in each chapter – inflation, employment, prices and so on – will therefore require us to focus on different breakpoints within the overall story in different chapters.

The 13 million families that make up *Unsung Britain* at the end of our period look notably different from those at the start. Sometimes the shifts are in line with

wider social change – thus our group is, in keeping with UK-wide trends, older and more ethnically mixed than in the past. But other changes are striking. Many more of today's lower-income Britons are childless and single than they were in the past. Changes in tenure have been particularly dramatic – with a 'swing' of over 10 percentage points away from homebuying and into private rentals. One of our overriding messages is that these sort of changes in how families form and where they live can be just as important for overall living standards as more obvious shifts in earnings and other incomes.

More work, limited rewards

Nonetheless, we start our tour of *Unsung Britain* in the workplace. There is, in fact, a surprising amount of good news in relation to jobs. This segment of society is working more: its total employment rate is up by a substantial 11 percentage points over our period, fully accounting for the overall rise in UK employment since the mid-1990s. This is a positive force for the earnings of those on below-middle incomes; so too, more recently, has been a sharp real rise in the value of the hourly minimum wage, which is currently 32 per cent higher than it was a decade ago. This has contributed to broader falls in pay inequality, with a narrowing gap between the middle and the bottom of the scale in both hourly and weekly rates, and more recently also some narrowing between the middle and top of the scale.

And yet. Despite all these favourable winds, when we look at the totality of what lower-income Britain actually earns, the tailing off is unmissable. The average gross annual earnings of someone in a lower-income family has increased by £7,700 since the mid-1990s to £18,000 today – but nearly three-quarters of that increase took place before 2005. The deepest problem here is that reduced pay inequality doesn't do much for absolute living standards if the average is stuck, as it has been.

Policies to make a difference

- Supply-side reforms to boost growth and therefore increase the returns to paid work and, ultimately, improve living standards in all parts of the country.
- Implementing a 'Fair Pay Agreement' model for social care that will set minimum standards for pay and other conditions, and extending it to other sectors with acute labour market issues.
- Effective enforcement of labour market rights, including the new rights to a contract reflecting workers' usual work patterns and advance notice of shift changes.

A fraying safety net

If disappointing progress on pay compared to the past is a big reason why lower incomes are not rising like they used to, over the last 15 years, steep cuts in many working-age benefits have also directly hit living standards. Higher spending on pensions in an ageing society and a rapidly rising disability benefit caseload have offset this development, so welfare as a whole hasn't got any cheaper for the taxpayer overall. But an accretion of general squeezes and freezes on benefit rates, plus specific cuts such as the two-child limit and the 'bedroom tax,' have accumulated to sap the benefit income that *Unsung Britain* receives. Things were very different until the end of the 2000s, when receipt of social security income across the group was rising – up by an average £1,900 a year – reinforcing the gains of rising employment. But since 2010, the amount of benefit income has fallen by £1,600 a year for those with below-average incomes, in part due to the benefit cuts of that decade, and much more among the poorest. And it is worth remembering that many benefits go to families in work. The proportion of those below the poverty line who are in 'working households' has risen from 38 per cent to 55 per cent over our period as a whole.

Policies to make a difference

- Addressing the drivers for higher demand for health-related benefits including by reviewing eligibility criteria and rebalancing incentives across the benefits system.
- Consistent and stable indexation of social security benefits, including uprating both working-age benefits and the state pension with earnings in the long run, via a smoothed link to wage growth.
- Linking Local Housing Allowance for private renters to the actual rents faced.

Fatal subtraction

For living standards, what goes out automatically matters just as much as what's coming in. Direct taxes are the first non-negotiable here, but are – in general – strongly progressive, absorbing in total around 12 per cent of what the poorest families have coming in against 31 per cent for the richest. This slant ensures *Unsung Britain* is less affected by many taxes, but not all are so benign: Council Tax payments constitute a little more than 1 per cent of income at the very top, against nearly 5 per cent at the very bottom. Over the last generation, Council Tax has both risen and become more unfair. Basic bills went up during the 2000s, and then, over the last decade, nationwide rebates for poorer families were dismantled across England. The increasingly farcical nature of the Council Tax base – 1991 property valuations – is widely understood as punishing those who live in places where house prices have stagnated. Less appreciated however, is the unravelling of the two things that gave the levy a tranquil birth after the horrors of the Poll Tax: subsidies to keep bills down, and generous discounts at the bottom. Hard-pressed Britain is already paying the immediate price, but in due course so could politicians.

The lower-income families we spoke to had certainly noticed increased Council Tax payments and were particularly aggravated that these had not led to improvements in local services – quite the opposite. It is hardly surprising that

local authorities facing significant real terms cuts alongside rising demand from statutory responsibilities (such as on social care) have often failed to meet residents' expectations. What was clear from our focus groups was that the resulting lack of trust in local government fed a wider lack of trust in the political system. Indeed, while the top priority for participants was the cost of living, the clear second was fixing services – rating well above demands for higher incomes.

Besides tax, the other – and for many even bigger – unavoidable monthly bite out of income is housing costs. The effects vary wildly: in today's ageing society, many more Britons in the bottom half for income live in homes that they own outright and so get off lightly. But there has also been a huge 'swing' out of homebuying and into costly private rentals. More lower-income Britons – some 8.6 million – now live in such tenancies than in mortgaged homes. On average, rent gobbles up 43 per cent of their total post-tax income. They enjoyed none of the automatic savings on interest that mortgagors benefited from for so long, and then more recently have seen rents racing ahead of incomes.

As a result of such variation, the effect of housing on the *average* disposable income is neither dramatic nor particularly informative. Nonetheless, we see clearly how profoundly important its effects can be when we track individuals over time, and examine the various 'trapdoors' that can cause a family to fall from the top to the bottom half of the spectrum. Over a quarter (26 per cent) of those who started off in the top half for incomes but became private tenants drop into the bottom half over a four-year period. That constitutes a higher risk of dropping down into the bottom half than applies to those who had children at all (21 per cent) and far higher proportion than for those who became unemployed (just 13 per cent). People adjust to such pressures where they can: some 15 per cent of the 'families' across lower-income Britain are today (mostly young) adults living at home with their parents. Remarkably, that figure is now not far off the 17 per cent of families still classed as mortgagors.

Policies to make a difference

- Building more homes – especially social homes – and especially in growing regions, where rising rents could otherwise shortchange workers and impede dynamism.
- Reform property taxation to support efficient allocation of the existing housing stock, including reform to Council Tax charges and rebates to lessen the burden on lower-income households.
- Give English local areas greater control over their finances, including devolution of taxes linked to local economic performance.

Priced out

The story of housing over the last generation, then, is complex – with many older and much younger people dodging the huge costs that weigh on the swelling ranks of private renters. This has rendered housing a polarising force. Many families who would otherwise have decent incomes are dragged down to well below the middle purely by the need to pay rent.

The recent story with other basic living costs is, however, simpler. All the usual statistics on disposable incomes – including the grim numbers quoted above – underplay just how dark the 2020s have been for [Unsung Britain's](#) living standards because of the peculiar slant of recent inflation. Prices used to rise more or less uniformly across the income range, but over the five years from 2019, the bite of inflation grew sharper with each step down the scale. Why? Because lower-income families inevitably spend more on life's essentials, for which costs have recently risen the most.

That is a change as compared to most of our period, during which the news on the price of necessities was mixed. Some of life's basics got a lot cheaper. For example, buoyant global trade was pushing the price of clothing down in cash terms until the early 2000s, and even after that it continued to get cheaper relative to other things. Other essentials such as food broadly used to track headline

inflation, while supermarket competition helped to keep prices relatively low by international standards. Unit energy costs had, by contrast, been creeping up, but until fairly recently improved insulation and technology was curbing use and so offsetting the effect on bills.

But the energy crisis that started in earnest when Russia invaded Ukraine sent prices to a dizzying peak. Bills soared and remain high. The effects seeped out to other essentials, notably food. The slanted inflation that resulted has now reduced the lowest living standards relative to the highest by more than 3 per cent over the last few years – in a way that is missed by all the standard figures. We can see one (potentially literally) chilling implication in the rocketing energy arrears. Starting around 2017, the number of energy customers in the red has surged, rising to 1.6 million for gas and nearly 2 million for electricity; more recently, the average of what these customers owe has roughly doubled to, respectively, £1,300 and £1,100. The real terms stock of Council Tax arrears, another big household bill, has also jumped – from around £4.6 billion to £6.8 billion over the five years to 2024.

These growing difficulties in keeping up with bills are especially striking because they come after what has mostly been a sustained period of prudence for *Unsung Britain*. Over the 2010s, more lower-income people reported saving regularly than before, and that paid off. True, a frighteningly high proportion of poorer families still lack the ready buffer of £1,000 needed to deal with such ‘ordinary emergencies’ as a bust boiler or a broken-down car. But the proportion without such a buffer (after adjusting for inflation) has dropped: from just over three-fifths on the eve of the financial crisis to just over two-fifths in the latest data. Consumer debt, too, is down: the average working-age family on a bottom-half income closed the 2010s owing 20 per cent less in real terms (£2,100 in 2018-2020) than their counterparts had owed (£2,600) back in 2006-08. Unfortunately, the swelling energy and Council Tax debts suggest that some of this apparent reduction in liabilities is less a case of debt disappearing than it changing form.

Policies to make a difference

- Bring down energy bills by moving more of the cost of government policy into general taxation. Development of the data infrastructure required to deliver targeted support based on both income and energy needs.
- Action to reduce the costs of transport for lower-income families, through better targeting of discounted bus passes, for example.
- The Competition and Markets Authority should investigate specific areas where the market is not providing fair prices to consumers, and where there is evidence that consumers find it hard to exercise choice effectively.

Frail condition: Health, care and public services

For as long as anyone can remember, longevity has incrementally improved. During the 2010s, however, progress that had seemed automatic ground to a halt. Mortality among people aged 45-54 started to rise around 2015. Even before the pandemic, official statistics were pointing to dwindling life expectancy in more deprived communities. Once the virus had taken its toll, the total drop-off in the poorest postcodes was around four times that in the richest. Mortality gaps are the endpoint of a far wider gulf in health: for men in the most prosperous parts of England, the expectation is for 70 years in good health; in the least prosperous, that is just 51 years. Relatedly, disability – although it has recently been rising in both the richer and poorer parts of the country – is perennially more common in *Unsung Britain*, where it affects 30 per cent of adults compared with 18 per cent among the better-off.

The comforting explanation for the 11-percentage-point rise in the incidence of disability across our target group since the mid-1990s is that it is simply a result of the wear and tear that might be expected in an ageing society. Unfortunately, age explains only a small fraction of the trend: 83 per cent of the rise has other roots. Foremost among the rise in younger age groups are problems with mental health. This points to enduring and large effects on the personal finances of millions of families, because almost a third (31 per cent) of poorer disabled people report

being unable to work because of their health, and even among those who do work, majorities suggest that mental and physical problems restrict the nature or amount of work they can do.

The forgotten corollary of rising disability is more – and more intensive – care needs. These needs fall disproportionately on older women, and there is a big and growing ‘care gap’ between rich and poor. In homes of modest means, 1 million people have care responsibilities of 35-plus hours a week, obligations on a scale that is likely to make full-time paid work impossible. And the carers in our target group are, if anything, slightly more likely than disabled people themselves to describe their situation as ruling out paid work: 34 per cent of them do so. There is no hiding from such numbers: any serious strategy to improve the overall lot of *Unsung Britain* must have both disabled people and carers at its heart.

Policies to make a difference

- New incentives and proper enforcement so *all* employers support disabled workers, including a ‘Return to Work’ recruitment reward for firms who hire disabled people, and a new ‘Right to Reintegration’ for workers on sick leave.
- Extend statutory carers’ leave from one week to four – and make the first two weeks payable by employers at the same rate as Statutory Sick Pay
- Additional investment in young people’s mental health, from further education colleges to employers, and better pathways to work or study for young people with poor mental health and low levels of qualifications.

Chapter One

Unsung and uneasy: The stagnant realities and changing mix of Britain's poorer half

Britain does not feel like a nation at ease – and hasn't done for a very long while. The Brexit vote pitted old against young, countryside against city, and a narrow majority of the governed against the bulk of the governing class. The subsequent wrangling polarised opinion and beset the UK's traditionally stable politics with disruptions. Then the 2024 General Election saw the combined vote share of the two traditional parties plunge to a record low, after which their support has only continued to sink. And by more than two-to-one Britons last year judged the country to be on the "wrong track" rather than heading in the "right direction".¹

This is not a book about culture, politics or 'mood,' but rather living standards. And yet once you've clocked the unprecedented force of the material squeeze of the last 20 years, which the Resolution Foundation has exposed in many previous reports, it seems almost bound to have coloured every other aspect of life.² For all the bumps up and down during the later 20th century, income growth was sufficient for most families to experience meaningful material progress in their lives between the start and the end of each decade – it might be measured in, say, a first foreign holiday, or getting central heating installed. Over the last generation, by contrast, for the great bulk of the population, there has been no comparable advance, only a sense of being stuck.

Our aim in this book, however – and indeed the 18-month research programme that underlies it – is not to update and rehash all the grim and sadly familiar facts on stagnation across the whole of society. Instead, we will concentrate, very deliberately, on what is going on in our economy from the 'middle down'. We will also set aside pensioners – an historically poor group that has now enjoyed relatively improving fortunes over many decades – to home in on families who are either dealing with the changing realities of work, or confronting barriers to it.

Several considerations motivate this focus. For one thing, while stagnant living standards are something that has been shared, more or less, across the whole income range, those lower down the scale are *always* more exposed to shocks and

1 Ipsos Global, [Right direction or wrong track?](#), April 2025.

2 Resolution Foundation & Centre for Economic Performance, LSE, [Ending Stagnation: A New Economic Strategy for Britain](#), Resolution Foundation, December 2023; R Curtice, [The Resolution Foundation at 20](#), Resolution Foundation, September 2025. <https://doi.org/10.63492/yjk797>

unexpected costs. They have less scope than others to simply ‘tighten their belts’ to get through tough times. Other reasons for our focus will reveal themselves as the detail of the coming chapters unfolds – regarding, for example, the very particular problems that lower-income families are currently experiencing with their health, their living costs and keeping up with their household bills.

There is also, however, something else – more nebulous but just as real. Over the last generation, while their rewards have been stagnating, working-age Britons on lower incomes have been quietly contributing a lot more to the economy (because many more of them are in work) and to wider society (via more care, particularly of disabled adults). Putting in more while getting out less than would have been expected in the past is a bewildering mismatch that can easily harden into resentment of a dangerous sort. In light of the sense of rewards lagging way behind effort, we dub the segment of society with which this book is concerned as ‘Unsung Britain’.

But before we start diving into statistics, it is worth pausing briefly to take stock – a bit more precisely – of exactly who will be included in our analysis. Broadly, we classify ‘Unsung Britain’ as working-age families in the bottom half of the disposable income spectrum. That sounds simple enough, but leaves open various technical questions, such as about the definition of income, which are explained and settled in the box below.

Defining ‘Unsung Britain’

We define our target group as people in working-age families (that is, families that do not contain anyone above the state pension age) whose disposable household income is below the median, where the median is measured across the whole population (including pensioners), and calculated in the same way as in the Government’s HBAI publication by weighting each household by the number of people in it. Our focus is on disposable income – that left after deducting taxes and housing costs – and ‘equivalising’ for household size and composition in the same way as in official poverty data.

It follows that the exact proportion of individuals caught in this definition will not always be precisely half of those in non-pensioner families, but can vary slightly over time in line with the evolution of household sizes and structures, and – more importantly – because the rising relative economic position of pensioners leaves a higher proportion of working-age families below the whole-population median. Throughout this book, for readability, we refer to this target group with a variety of terms, including: ‘poorer Britain’, ‘lower-income Britain’, ‘below-middle income’ and ‘the bottom half.’ Unless expressly signalled otherwise – as when, for example, data is presented that includes pensioners or averaged across the whole – all these are shorthand for the same group.

The technicalities are, of course, important. But what we are especially keen to bring out in this book is the human dimension. If you speak to hard-pressed families – and, en route to this book, we convened dozens of squeezed workers, carers and others in communities from Warrington to Worcester – you get a gnawing sense of what stagnation is doing to spirits across the land. Two women of different ages in Cardiff voiced a typically dark if vague sense of the way life had slid, respectively over shorter and longer time horizons. One said:

“I’ve noticed a difference between when the 14-year-old was very little to when my 10-year-old was very little. Within four years, you could feel the slide.”

The other:

“My children are [in their] late 20s, 30s. ... You guys have definitely got it harder with young children than I did when mine were small.”

The sharp end of a shared squeeze

So do the income statistics yield any clues about the material roots of such feelings of disappointment? Plenty, it turns out. The latest official data – covering 2023-24 – shows that typical disposable incomes among our target ‘Unsung’ group have been

on the floor for 20 years, cumulatively inching up by only 11 per cent since 2004-05.³ Annualised growth since then represents a barely discernible 0.5 per cent. That compares to a much more buoyant annualised growth of 4 per cent in the decade running up to 2004-05, and a typical yearly advance of 1.8 per cent between 1964 and 2004-05.⁴ The differences involved here, of somewhere in the region of a few percentage points, may not sound huge, but – as smart investors understand all too well – small differences in growth compound over time to work a transformational magic. Over the long decades before 2004-05, the typical incomes of our target group were doubling every 40 years; over the recession-free decade immediately before then, they had looked on course to double in 18 years. By contrast, if progress continues to crawl in the way it did between 2004-05 and 2023-24, a further doubling would take over 130 years.

Digging into income data confirms that the great slowdown of the last couple of decades has been pretty uniform, reaching beyond our target group, and affecting just about *all* of working-age Britain. Setting pensioners aside, the chart below shows that there hasn't been an awful lot to choose between the shades of disappointment in different parts of the income spectrum. Obviously, the experiences of individual families will have varied considerably, as it always does, but in ways that averages out in every income bracket. If anything, the chart suggests those just below the middle have fared slightly better than those just above it.⁵ For example, three-quarters of the way up the range, where the bulk of adults would always have been fully employed, the cumulative advance was just 7 per cent, fractionally less than the change at the middle of the distribution, or one quarter of the way up.

But in this picture of a shared squeeze, there is one important – and nasty – twist that is worth dwelling on. That concerns the very lowest rungs of the ladder. At the 10th percentile, the chart shows that incomes have not merely crawled over two

3 Numbers quoted are for median income after housing costs (AHC), the main focus in this book. Growth in income before housing costs (BHC) was actually slightly slower over the period. Source: RF analysis of DWP, Households Below Average Income.

4 RF analysis of Office for National Statistics, Family Expenditure Survey.

5 The chart looks at changes in income at different parts of the income distribution of non-pensioners. The p25 and p50 shown here do not map exactly onto our definition of *Unsung Britain*, which is set out in the Box earlier in this chapter.

decades but actually sunk outright by 3 percent. Mis-reported and volatile incomes notoriously cloud data about what happens even further down the range, but when we looked at lower percentiles the suggestive evidence pointed towards a still sharper decline.

Stagnation across the range – with the lowest incomes outright sinking

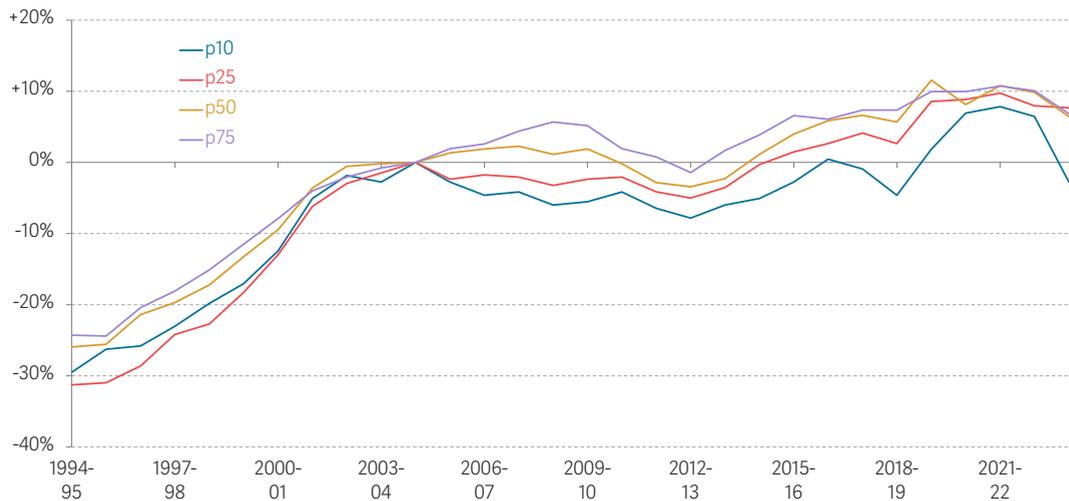


Figure 1.1: Change over time in real disposable income at various points along the distribution, against 2004-05 baseline

Notes: Pensioner families excluded from this analysis before percentiles are calculated.

Disposable incomes measured at the household level, after the deduction of housing costs, and 'equivalised' for household size. Data covers Great Britain only before 2002-03, and the whole UK thereafter. Calendar years refer to financial years, e.g. 2023 = 2023-24.

Source: RF analysis of DWP, Households Below Average Income.

The end of the sort of progress on living standards that used to be regarded as automatic should be alarming, but there is a dreadful sense in which it has become Britain's 'new normal.' A few years ago, the Resolution Foundation's *Economy 2030* report highlighted just how much worse off British families of modest means were than their Dutch, German and Canadian compatriots.⁶ The chart below confirms that, after adding five years of new data, the international shortfall continues to afflict middle Britain as well as the bottom.

⁶ Resolution Foundation & Centre for Economic Performance, LSE, [Ending Stagnation: A New Economic Strategy for Britain](#), Resolution Foundation, December 2023.

Anywhere but here: Squeezed Britons are worse-off than international counterparts

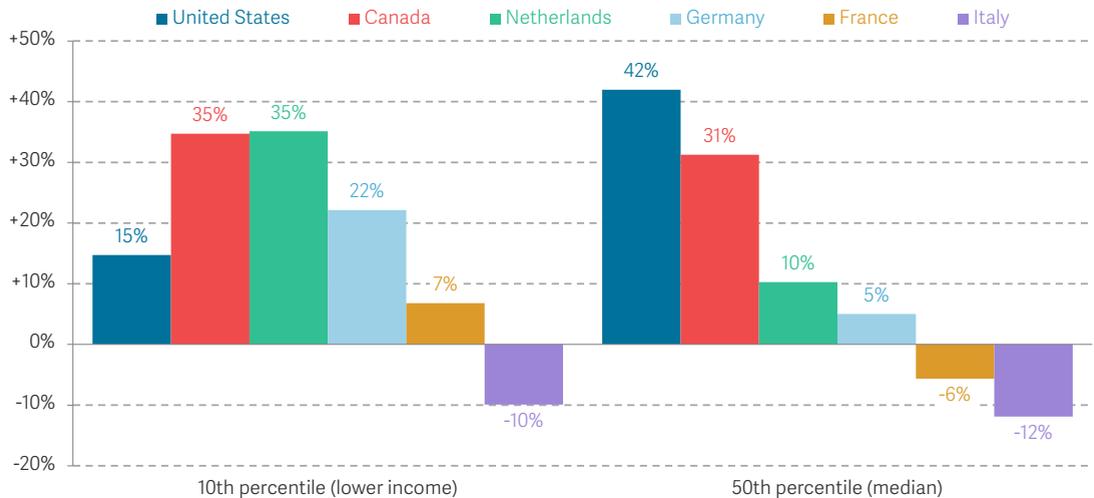


Figure 1.2: 10th percentile and median equivalised household net income relative to UK: selected OECD countries, 2023

Notes: Difference between selected countries compared with UK household incomes using OECD PPPs for household final consumption expenditure. Incomes for EU countries are taken from the EU-SILC database. To ensure a comparable measure of UK incomes, we take the most recent data points for the UK in EU-SILC (2018) and update them based on subsequent outturns of 10th and 50th percentile incomes in the DWP's Households Below Average Income dataset. Incomes for Canada and the United States are taken from the OECD income distribution database and compared to UK incomes in the same database. International inequality comparisons are challenging because there are differences in survey coverage across countries and because of the difficulty in measuring prices across countries – both what components and weights of the price index should be, how to measure their relative levels, and how this interacts with things like housing tenure and how health and education are paid for. Correcting for some of these factors (such as imputed rents given that the income measure does not include imputed rental income) would improve the relative position of the UK.

Source: OECD Income distribution database and Annual Purchasing Power Parities; Eurostat, EU-SILC Distribution of income by quantiles; DWP, Households Below Average Income.

Charts like the pair above make evident that Britain is not *only* gripped by a serious poverty problem. This is not just a story about foodbanks and homelessness: a wider malaise extends way up the scale from the bottom.

Something old, something new

Having established the precise boundaries of *Unsung Britain* at the top of the chapter, we can now take a look at the sort of families in it – and how its social

mix has changed over time.⁷ We will show that our target group is, overwhelmingly and increasingly, made up of families where people do work, although it continues to include some who don't – and perhaps can't – work for a variety of good reasons. The families we are concerned with also have more than their share of responsibilities to care for others – especially for frail or otherwise vulnerable adults. They are more likely than others, too, to have responsibility for children, and more likely to be living with a disability.

Some of these features of lower-income Britain are perennial, but it is anything but a static mix. Myriad forces which have been remaking the whole of British society have also borne unequally on different families' fortunes, affecting the sorts of households that rank among the country's poorer half. Among the very many relevant forces are: the ageing of our society, evolving patterns of tenure and household formation, immigration, rising rates of employment especially for women, and the ebbing and flowing of different regional economies.

Although the last 30 years have not seen the sharp widening of inequality in incomes that was experienced in the 1980s, other big changes – including the swelling of wealth relative to incomes, and the rise of higher education – have driven a continuing divergence of broader fortunes. Since the mid-2000s, all these developments have played out against the backdrop of our main 20-year story of stagnation in living standards. There has, however, been no shortage of disruptive plot twists since – including the global financial crisis of 2008, the austerity in its wake, the Brexit vote and the uncertainties that followed it, the pandemic and then the most serious energy and inflationary shock since the 1970s. With the trade and geopolitical disruption currently emanating from Donald Trump's Washington, few are betting on any early return to 'normal.' None of this has affected different families equally, nor will it, so the social mix of *Unsung Britain* will change.

Some developments in the composition of our target group are – at least directionally – similar to familiar population-wide trends. One example, shown on

7 A lot of the analysis in this section is based on: M Brewer et al., *Unsung Britain: The changing economic circumstances of the poorer half of Britain*, Resolution Foundation, November 2024. <https://doi.org/10.63492/ox2083>

the chart, is the increasingly varied ethnic mix that has been produced by both migration and by differences in fertility rates across communities. As the share of assorted minority groups in *Unsung Britain* has surged over the last generation, the corresponding proportion of the white majority is down by around 14 percentage points. This is a society-wide trend. Although higher-income Britain remains perennially whiter, the white majority share among the better-off has also fallen, albeit slower, from 96 recent to 88 per cent.

Diverse realities: *Unsung Britain* has got much less white, and much more mixed

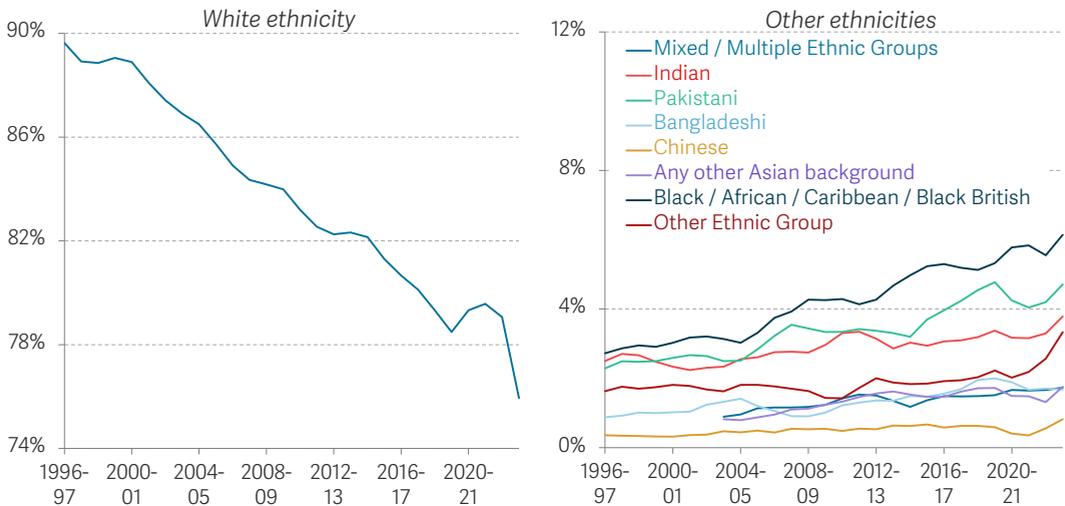


Figure 1.3: Ethnic composition of lower-income non-pensioner population: GB/UK

Notes: GB before 2002-03. Data has been averaged over three years. Data shown is for the three years ending in the year shown, meaning data in the charts above for 1996-97 includes data from 1994-95 to 1996-97.

Source: RF analysis of DWP, Households Below Average Income.

Other big changes – such as ageing – also operate in the expected direction, and yet with a speed that can surprise. The average age of an adult in *Unsung Britain* has risen by five years since the mid-1990s, increasing from 35 to 40. This is slightly faster than the rise seen among society’s more prosperous half, where the average working-age adult is now only four years older (rising from 38 to 42). Some of the ageing across society as a whole simply reflects longer lives, and there are also cohort effects – notably the greying of the ‘demographic bulge’ of baby boomers.

Then there is a purely definitional shift of who counts as ‘working age’ due to the rising state pension age over the period, particularly for women, which drives another chunk of the increase.⁸ And quicker ageing of *Unsung Britain* than the richer half suggests life has got a little less comfortable for those at the older end of working life.

Putting everything together, very similar proportions of adults in *Unsung Britain* are now in their 50s (20 per cent) as in their 20s (21 per cent). That is a serious shift from the mid-1990s, when there were around three-fifths more 20-somethings than 50-somethings in this group.

Changes on a couple of other dimensions are at least partly explained by this ageing. And some such effects are benign. Consider tenure. More fifty-somethings means more families who have paid their mortgages off. The proportion of families in *Unsung Britain* who own outright is up substantially, from 8 per cent in the mid-1990s to 13 per cent in 2022-23.⁹ But ageing is not the only thing going on in housing. Another change has been the declining availability of social rentals, particularly to families of working age. The most dramatic change of the lot has been a huge shift away from homebuying and towards pricey private rentals: the next chart singles this out, showing a ‘swing’ of over 10 points across the working-age population between these two types of tenure.

8 From 2010 onwards, the women’s state pension age increased from 60 to 65, and then increased for both men and women to 66 in 2020. Absent this change, average age would have ended the period at 39 rather than 40. In other words, four years of the five-year increase in average age that we reported for the group, is real, rather than attributable to a definitional change in the age range covered by that group.

9 Figures quoted from p29 of: L Try, *Money Money, Money: The shifting mix of income sources for poorer households over the last 30 years*, Resolution Foundation, February 2025. <https://doi.org/10.63492/p3505p>

Let live: *Unsung Britain* is buying less and turning to private landlords more

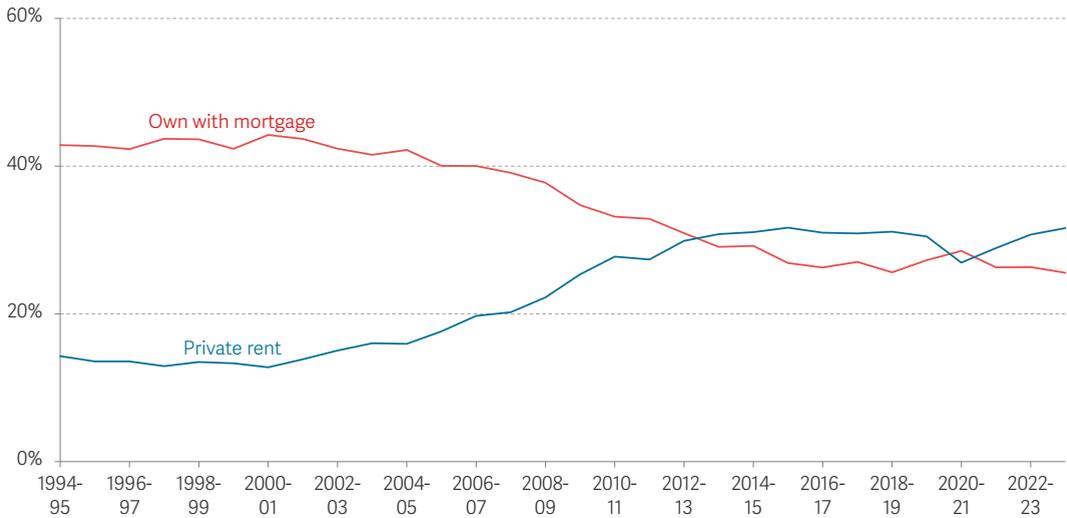


Figure 1.4: Proportion of people in lower-income families who in homes which are: owner-occupied with a mortgage; and, privately rented: GB/UK

Notes: GB before 2002-03.

Source: RF analysis of DWP, Households Below Average Income.

Yet another change, which is surely bound up with the lack of accessible homebuying or affordable social rents, is more young adults living at home for longer, a trend which may restrict independence, but – as we shall see – curbs housing costs for many.

One more change – again age-related, and this one profound – is a decline in the proportion of families living with children in *Unsung Britain*: their share has plunged from 43 to 35 per cent since the mid-1990s, which turns out to be driven by especially steep declines in the share of younger parents. The inevitable flipside is, of course, many more childless families with below-median incomes. Although – as it turns out – ‘families’ is something of a misnomer here, as the offsetting increase in the mix has been in single people. Younger singles – under 40s – are prevalent, exactly as they always were, representing just over a quarter of *Unsung Britain* both in the 1990s and today. It is this swelling of singles over 40 that offsets the dwindling share of families with children.

If the big picture over the last generation is fewer children in *Unsung Britain*, in the last few years there has been one notable twist. While the relative economic

position of families with one or two children has modestly improved, the proportion of poorer households with three or more children has been resurgent since it troughed in 2012-13. The pivot point coincides with the arrival of various social security policies cuts targeted at the largest families, which we will discuss in coming chapters. As more larger families have dropped down the income spectrum, among those thinning ranks of *Unsung Britain* that still live with children, the average number of kids has thus edged back up. Indeed, it is now 1.96 – fractionally above the average of 1.95 found among the typical poorer family with children way back in the higher fertility world of *Unsung Britain* in the mid-1990s.¹⁰

A final sweeping change, again with a potential link to age, concerns sickness and disability. Seeing as ill-health can both reflect and entrench material hardship, it is no surprise to find that disabilities have always been more prevalent in the poorer than the more prosperous half of the nation. We won't describe this huge change in any detail here, as that is done later in the book. It is worth flagging, though, that this is not just a big change in poorer Britain, but a trend that could trap many people on lower incomes. As well as the direct economic effects on disabled people – including potential restriction of work options, extra expenditure requirements and additional benefit entitlements – we will investigate some huge knock-on effects on carers.

Who is in *Unsung Britain* ?

This book tells the broad story of how the lives of families on below-middle incomes have evolved over time, but a few figures can usefully give a sense of their circumstances today:

- 'Unsung Britain' is composed of 27 million people, who in turn break down neatly into 9 million women, 9 million men and 9 million children. They form 13 million families, and live in 10 million households.

¹⁰ M Brewer et al., *Unsung Britain: The changing economic circumstances of the poorer half of Britain*, Resolution Foundation, November 2024. <https://doi.org/10.63492/ox2083>

- Of the 18 million adults, 6.6 million are aged under 35 (37 per cent) 6 million are aged 35 to 49 (33 per cent) and 5.4 million are 50 and over (30 per cent).
- Of the 10 million households, 7.4 million are headed by a White adult (77 per cent), 1 million by someone of Asian ethnicity (11 per cent) and 680,000 someone of Black ethnicity (7 per cent). That leaves 190,000 households whose head has Mixed ethnicity (2 per cent) and 360,000 headed by someone from another ethnic group (4 per cent).
- Of the 18 million adults, 7.7 million are parents with dependent children at home (43 per cent) including 1.6 million single parents (9 per cent). Among the non-parents, 4 million live in couples and 6.2 million are single.
- Of the 10 million households, three quarters contain someone in work. Looking across all the 18 million adults individually, 7.7 million are working full-time (43 per cent) with another 3.2 million part-time (18 per cent).
- Most of the 27 million people live in rented housing, with 8.6 million in private rentals (32 per cent) and 7.8 million in social homes (29 per cent). That leaves 6.9 million in properties occupied by mortgaged homebuyers (26 per cent) plus 3.8 million (14 per cent) in those owned outright by their occupiers. Across all these tenures, 2 million adults are living in their parents' home.
- 5.3 million adults in *Unsung Britain* are disabled (30 per cent), 2.1 million of whom work. 1.7 million adults (10 per cent) provide at least five hours a week of unpaid care for sick, disabled or elderly people, including 800,000 who are themselves disabled.

Mapping the rest of the book

Anxieties about towns and regions that are missing out on prosperity have become so ubiquitous over the last decade that the phrase 'left-behind' has become a cliché. Place-based inequalities certainly matter to the British public: over six-in-ten (61 per cent) of people say that the gaps between more and less deprived areas

are the most serious type of inequality in the country.¹¹ We've confirmed that there are important regional divisions. There continues to be a reliably and markedly lower prevalence of poorer families in Southern and Eastern England, than across the North, the Midlands and the devolved nations.¹² But that regional gap, at least as measured by relative concentrations of poorer families, is one where we have also seen movement. There are now relatively more families with lower disposable income in the West Midlands, and in pricey London. Compared to the 1990s, the West Midlands has become home to an extra 2 percentage-point share of *Unsung Britain*. Conversely, the historically poorer North East is now home to a smaller share of lower-income people than in the past, with a drop of 1.3 points in the proportion of our target group who live there, a bigger fall than any other region.

Such geographic shifts could be connected with improving outcomes in some of the labour markets that were previously weakest, a trend suggested by previous Resolution Foundation research.¹³ But despite this – and the shifting map of where poorer families are concentrated – broader measures of geographic inequality tell a less positive story: the gap in value-added across regions has not fallen, nor have average incomes converged.¹⁴ Overall, low-performing parts of the country have tended to remain low-performing, with the reverse true for high-performing areas. Moreover, regional disparities mask even starker inequalities at a more localised level: income gaps between the richest and poorest local authorities are far wider than those between regions, and often most marked within richer regions such as London and the South East.¹⁵ It will surprise no-one to learn that there is still a long way to go in 'levelling up.'

There are many living standards divides, however, that one cannot readily draw onto a map – for example between steady full-timers and insecure part-timers,

11 B Duffy et al., *Unequal Britain: Attitudes to inequalities after Covid-19*, The Policy Institute, King's College London, February 2021.

12 M Brewer et al., *Unsung Britain: The changing economic circumstances of the poorer half of Britain*, Resolution Foundation, November 2024. <https://doi.org/10.63492/ox2083>

13 C McCurdy, *Uneven ground: Assessing the state of UK geographic economic inequality facing the new Government*, RF, August 2024. <https://doi.org/10.63492/qnr506>

14 C McCurdy, *Uneven ground: Assessing the state of UK geographic economic inequality facing the new Government*, Resolution Foundation, August 2024. <https://doi.org/10.63492/qnr506>

15 L Judge & C McCurdy, *Income outcomes: Assessing income gaps between places across the UK*, Resolution Foundation, June 2022.

or between disabled and non-disabled people, parents and non-parents, or homeowners and renters. These are often at least as important as the geography. And these have not yet received anything like the same attention in the political debate.

Unsung Britain is well overdue a comprehensive portrait, which can illuminate all these aspects and nuances. This is self-evident to a living standards organisation such as the Resolution Foundation. But irrespective of whether the question is bolstering health, expanding educational opportunity or even ensuring functional political processes, it is not hard to find evidence that shared prosperity can support progress, just as its absence tends to retard it. Britain as a whole cannot thrive while so much of the nation languishes.

Our aim is to paint a rounded picture of the country's poorer half, the way it has evolved since the 1990s – and, most particularly, what the stalling of the incremental rising living standards that used to expect has meant for it. We will build this picture up steadily, by considering different aspects of life and money in turn: work in Chapter 3; benefits in Chapter 4; taxes and rent in Chapter 5; and, what all this means for total disposable incomes in Chapter 6. In Chapter 7 we consider the costs of essentials like energy. In Chapter 8 we move from income to consider families' savings and debts. Then Chapter 9 considers physical health and disability, before Chapter 10 turns to the associated demand for care – and its consequences. Chapter 11 transcends the sort of 'snapshot' analysis used in the rest of the book, and instead explores what more we can learn by tracking their fortunes over time and reflecting on how households form in the first place. Finally in Chapter 12 – which draws heavily on direct conversations with families at the sharp end – we reflect on the sorts of policies and reforms that could make the most difference.

Before we set off on our whistle-stop tour of the issues, however, we want to give readers a sense of what things look like from within a small sample of the sort of homes we are concerned with. That is the task of Chapter 2.

Chapter Two

Life in Unsung Britain: A
peek inside four homes

Having briefly sketched the changing shape of Unsung Britain with statistics, we now want to introduce you to four families who – while fictional themselves – can nonetheless illustrate the realities of living there today. It is, of course, impossible for any four examples to represent everything that is going on in the lives of the 27 million people captured by our ‘unsung’ designation. But examining the challenges facing just a few homes in close detail can convey an awful lot about the day-to-day economic experiences of an awful lot of them. All the more so since there is, as we shall explain in closing the chapter, some method to the way that we have summoned the people we invite you to meet.¹

Decently paid, but over-stretched: The Collards

Our first family are the Collards, who live in a suburb of Nottingham: 40-year-old Liam and 39-year-old Sarah, with their two children, 9-year-old Emma and 8-year-old Connor. Both Sarah and Liam completed university, and Liam soon made progress with his career in IT. Before the kids, Sarah also had a good job, organising supplies in the headquarters of a chain of hotels. But – partly out of preference, and partly for want of affordable childcare that matched her hours – she decided to stay off work through the years before the children went to school. Then, just as Connor was about to enrol, Sarah’s mother suffered a major stroke, and since then she has found herself caring a lot of the time. She has not yet got back to work.

Few of Liam’s colleagues would guess how squeezed his home finances are: he’s relatively senior within the office and earns way above the national average, at £62,000 a year. But deductions – notably Income Tax, National Insurance and Council Tax – bring that down to close to net £830 a week. Then there is rent. By the time the couple were old enough to think about buying, the financial crisis had hit, and the previously cavalier banks started requiring unachievable deposits (having grown up in Unsung Britain themselves, neither Sarah nor Liam had any relatives with the means to help them find a foot on the property ladder). Then house prices in their neighbourhood began a renewed climb, just as the kids arrived and money

1 We drew inspiration from the late Professor Sir John Hills’ work that also used fictional families to tell an analytical story, most notably in J Hills, *Good Times, Bad Times: The Welfare Myth of Them and Us*, Policy Press, November 2014.

got tighter, so it never happened. The family is never going to land a council home, what with earnings that just exceed the local council's £60,000 threshold that bars a couple from even joining the waiting list and no exceptional needs.² So the Collards continue to rent privately, and their three-bedroom semi-detached house gobbles up £245 a week. That isn't an exceptional figure, but it is a substantial one, reducing the disposable weekly income for this family of four to £590.

The Collards are technically eligible for some Child Benefit – but they don't know this. They have never claimed the payment because until recently, the level of Liam's earnings had meant it would have all been clawed back. The threshold has now increased, but they didn't hear about the change. Consequently, they continue to get no benefit income at all.

The Collards are not in poverty, being 17 per cent above the disposable income threshold that applies to their family of four. But they are roughly three-quarters of the way down the income distribution, and find they have little money to play with after buying basic groceries, paying their energy bills and footing other costs that feel pretty essential, such as broadband, school uniforms and shoes plus car and contents insurance. They don't have meaningful savings. They've been careful not to go into debt, but sometimes only by making tough choices. When the clutch of the car that Liam uses to commute to work gave up, adjustments to the repair bill included pressing pause on the clarinet lessons in which Emma had been showing exceptional promise.

In sickness and in health: Woody and Trisha Hughes

Our next family, comprising Woody and Trisha Hughes, aged 59 and 60 respectively, is closer to many people's preconception of hard-pressed Britain than the Collards. They are northerners, living in their native Sunderland. Trisha's life these days is increasingly restricted by multiple sclerosis (MS), which renders most regular jobs impractical for her. Woody works but is no longer able to square full-time employment with his domestic obligations, so has settled for 16 hours a week at a privately-owned tennis club, overseeing reception and giving basic training to kids.

2 Nottingham City Council, [Housing Allocations Policy](#), January 2020.

Woody's big frustration at work is his boss's tendency to shuffle around or even cancel his shifts, sometimes at short notice, with hard-to-handle implications both for the family finances and for making sure Trisha is properly looked after. Woody suspects this is breaching his rights, but he was never given any real paperwork for the job, is not in a union and has no idea how to check. The job only pays the minimum wage, but he still values it – particularly the chance to interact with young people.

The one child the couple had, Martha, has long been an adult. She did well at school and went away to university in Manchester, where she remains. Her degree and assorted spells of office work immediately after graduation proved a passport out of Sunderland – setting her up for a good job in HR, of a type that would be much harder to come by at home. Her parents, by contrast, have few qualifications. On leaving school, Trisha did a course at the local Tech that was meant to prepare her for work in the region's old glass and ceramics industry, but even back then – just before it was obvious that the manufacturing shake-out would entrench and become permanent – local factories were doing more laying-off than hiring. Still, the couple found a way to better days. After a series of casual jobs, Woody found his niche as a salesman in a local car dealership at the age of 26. Meanwhile, Trisha worked in and then managed a high-street fashion store, before such things became a rarity. In their late 20s, the pair got a mortgage on the small detached house on a then-new estate that they've lived in ever since, and have owned their home outright for several years.

Then, around a decade ago, came a serious relapse of the MS that had previously mostly been an occasional irritant for Trisha. Regular work, at least as she'd known it, was off the cards. On bad days she could no longer handle the stairs at home, let alone hang out the washing, or get in or out of the bath. Woody stepped up at home, but the showroom needed a full-timer, which he could no longer be. He jumped to the much lower-paid tennis club job as soon as he heard about it.

These days Trisha qualifies for the higher rate of Personal Independence Payment, or PIP, at £110 a week. Woody takes home all of the £195 a week that he typically earns at the club. Although he doesn't pay tax or National Insurance directly, he

recently heard the club's owner muttering that a recent spike in his own National Insurance bill could soon force him to cut back on Woody's hours. The couple are also topped up by Universal Credit – although perhaps not by quite so much as they should be. Last time Woody checked, the hours of care he was doing for Trisha were not quite sufficient to qualify for the Carer's Element, although that was months ago and the onus on him has increased since.³ Nonetheless, with allowance made for Trisha's health problems and Woody's earnings, Universal Credit pays around £220 a week. That gives the couple a total income of around £530 a week, which their Council Tax plus their minor continuing housing costs (water bills, for example) then drag down to £480.

This puts them nearer to the middle than the bottom of the economic pile. They may have less disposable income in pounds and pence than the Collards, but after allowance is made for Liam and Sarah's children, Trisha and Woody (on paper, at least) enjoy the higher standard of living.

But this may exaggerate their true position. A chunk of Trisha's PIP goes on paying someone to pop in when Woody is at the tennis club, and on buying ready meals now that home cooking is often impossible for her. More of the PIP might be needed to cover a loan the couple are considering to fund the bathroom adjustments that she needs. Retirement is another rapidly building anxiety: there was a time when the chain store Trisha used to work for ran a decent pension scheme, but it changed back when she was still busy with bringing up Martha. She never quite understood what it was, but she recently rang up and found out that while her early years with the company will provide her with £2,500 annually, protected for inflation, the last 10 years of her contributions are only likely to provide just under £1,000 a year, with no protection at all. Woody's independent dealership didn't offer any sort of pension until very late on. He has nothing spare to save into a pension these days, and indeed filled in a form to opt out of some

³ This is not the only carer's benefit that people like Woody could miss out on. The non-means-tested Carer's Allowance, like the carer's element of Universal Credit, depends on providing at least 35 hours of care, so if Woody were to claim this then he might miss out on the same basis. But there's also another potential snare with this payment, since Woody's earnings are precisely at the 'all-or-nothing' threshold that since April 2025 has been calculated at 16 hours at the minimum wage. And if he'd looked into eligibility before then, the threshold was lower, so he would have concluded he was ineligible. Moreover, any variation in his working pattern, such as an extra hour or two a week, could push him over the cliff edge.

sort of retirement account that his employer had warned him would eat into his take-home pay.

Even when she can put the future out of her mind, what grates on Trisha is the sense of being stuck. In theory, she could still travel with Woody; in practice, they haven't had any sort of holiday for years.

Many mouths to feed: Rhiannon Davies and children

Even before Rhiannon's partner, Martin, told her he was moving out, she had her hands full. That was a few years ago, when all three of her children were still very young. She did everything for them, and also served behind the bar of a local pub in Cwmbran three nights a week. That job had to go immediately once there was no one else to mind the little ones in the evening, and this was only the start of her problems. She suddenly had to get her head around the tangled rules and unfamiliar processes involved in claiming benefits. The bigger worry was where she and her kids were going to live now that Martin – who'd worked full time – was leaving the home that they'd rented.

Compared to some, she supposed, she'd been lucky: Martin had volunteered to pay the rent for the first three months after he left. But what to do after that? That rent was £1,200 a month, over double what Rhiannon was advised she could hope to get covered by benefits. The family endured a brief spell – which she prefers not to remember – in dilapidated emergency accommodation. Before too long, though, a kindly woman in the housing office listened to her desperation and – Rhiannon suspects – pulled a few strings, enabling the family to be permanently housed in a social rental, managed by a community housing association. She went from desperation to hard-pinched stability.

Now 35, Rhiannon never did get to use her Distinction-graded BTEC in graphic design, which her tutors had told her 19-year-old self would be a great passport to the future. But at least she now has another job that works with school hours – this time in a bakery that does most of its trade at lunch. It's three hours a day, and just over minimum wage, at £12.65 an hour, so she brings home about £190 a week. This is topped up by Universal Credit, which – after a bit is clawed back on account

of those earnings – provides the family with about £300 a week. The calculation for this payment factors in the full rent that Rhiannon pays, and also contains allowances for Nicola, who is 11, and Carys, 9, but not for Rhodri, 6, because he is caught by the two-child limit (until its planned abolition in April 2026). She does, however, get £60-odd a week in Child Benefit for all three children, and also around £76 a week in child maintenance from Martin, which the benefits system lets her keep. Then there are free school meals, which with three kids are worth an average of £28 a week over the year.⁴

All told, that gives the family a grand total income of £650 a week, which – after deducting the £110 rent, £27 in Council Tax and £12 water bill – leaves a disposable cash income of £500. But after allowing for all the mouths to feed and bodies to clothe, Rhiannon and her children end up worse off than the Hugheses. She is in a fairly similar place on the living standards spectrum to the Collards, who have far higher earnings, but also far higher housing costs, fewer benefits and more taxes.

There are, however, important twists. Unlike Liam and Sarah, Rhiannon has had to battle through deprivation in the temporary digs, and then had to refurnish in haste when she finally got her new home, a lot of the family's previous furniture having been jettisoned in the messy months of upheaval. She turned for the first time in her life to costly personal loans to get through, and still has to find nearly £50 every week for repayments, dragging the 'disposable' part of her income down towards the poverty line. Another difference with the Collards is the precarious practicalities of life as a single parent. In the holidays, for example, Rhiannon often relies on swapping childcare 'shifts' with a neighbour in a similar situation. When that doesn't work, she has to fork out for a pricey holiday club.

A sanguine person, Rhiannon regularly counts her blessings – above all, her good health, and especially that of her three children. She's also keenly aware of the things that could be worse: she has a proper, affordable home, and a former partner who may be absent but does at least pay his maintenance. But as she settles down

⁴ In Wales, free meals are universal in primary schools. This makes an important difference to someone like Rhiannon, compared to a counterpart in England, because she would be above England's extremely low earnings means-test threshold. However, the Government has decided that, from September 2026, all primary school children in families in England receiving Universal Credit will get free meals.

at night, she often finds herself trying to remember what life was like when she could hope to get more out of a day than scrambling to get through it.

Struggling to take off: Bushra Uthman

More than one of the teachers at Bushra's inner-city comprehensive in Leicester said they'd never had a pupil quite like her. She was close to the top of the class in everything, but out of the ordinary in history and literature. She went on to study both at the University of Bristol, where she loved her course, although she often felt out of place among fellow students who seemed to worry less about paid work or money than where they were 'travelling' next. Despite the culture shock, she made good friends, including Sophia who was studying law. When Bushra graduated with the excellent degree her tutors had expected, she and Sophia excitedly planned to move to London, hunting out somewhere to live and starting out in the real world.

Bushra had her heart set on a career in the arts, but when she asked people how to begin, they mostly suggested interning for free, which she couldn't afford to do. So she got a job in the café-bar of a theatre and eventually got to know some of the managers she served lunch to well enough to ask them if there was any work coming up in the office. It took the best part of a year, but eventually she got a few shifts in marketing and then, finally, a full-time post on that desk. It was just the break she'd wanted, but life has proved a serious struggle. The job pays £463 a week, which on the basis of her theoretical 37 weekly hours is just better than the minimum wage. In practice, given the frequent late shifts at the peak of marketing drives, it is below the supposed pay floor. From that £463, about £44 in tax and £18 in National Insurance is automatically deducted, leaving her with almost exactly £400. Which would be fine – if it weren't for rent.

During her first spell in the capital, when both she and Sophia were working casually, they had crammed into a large and shabby house-share with several others, mostly students. The students' late-night antics didn't chime well with morning shifts, and as soon as Sophia landed a training contract with a law firm, she persuaded Bushra they could do better, and they moved into their own two-bed former council flat in Stratford at a cost of £1,830 per calendar month, or

£421 a week. Sophia, whose gross pay is over £10,000 more than Bushra's, can be generous, occasionally taking Bushra to restaurants and footing the bill. But they split the rent right down the middle. The £210 Bushra has to find immediately reduces her disposable income to £190, which Council Tax and water drag down further to £170. After commuting costs, she recently worked out she has only about £20 a day to play with for absolutely everything else, including food.

Coming from a background where money was always tight, she doesn't find this shocking and thinks a lot of people have it harder. At one level she's not wrong. The main metric used by this book is *household* income. And when you consider Bushra and Sophia jointly, they are in the fifth 'decile' bracket up from the bottom of the income distribution, so not far below the middle at all. Consider Bushra as an individual, however, and she would rank very much lower down the scale.⁵ The reality of her position – with some sharing of costs and resources with Sophia, but not much – is probably somewhere between the two.

Either way, Bushra manages to press on, counting her blessings for the chance to work in an environment that she finds stimulating. The one thing that nags at her, though, is the future. How will she get by when Sophia becomes qualified, gets another pay rise, and moves out, on and up? Looking further ahead, she struggles to see how she could ever hope to live and work in the big city if she wanted children.

Zooming back up

So can the mere four families we've just described reveal anything much about the many millions of real people in Unsung Britain? Perhaps rather more than you'd imagine, not least because we have not conjured them out of thin air. Instead, we have dived into individual records in our main data source, Households Below Average Income, and examined the circumstances of a range of real households in detail. We cannot and would not directly use those individual records: respondents' anonymity has to be respected. Instead, we have mixed and matched between them, modifying to avoid potentially identifying details, but we nonetheless started

5 Using the OECD after-housing-costs equivalence scale (0.58) for a single person. Our approach here departs from HBAI methodology, which is all calculated at the level of the household and effectively assumes full pooling of resources.

out with real data on real-world situations. Much like someone writing historical fiction, we have then had to fill in various gaps. But we have also factored in our general knowledge, particularly of the tax and benefit system, to sketch plausible pen portraits.

Moreover, we have mapped the position of each of our families on the real disposable income spectrum that emerges from the official poverty data. Doing so shines a clarifying – and sometimes surprising – light on how the living standards of different sorts of families compare. Our examples have shown, for example, how differences in status and costs in relation to housing can do as much to shape a household's position as the headline annual earnings figures that are usually used to summarise economic rank. That is a big part of the reason why, for example, the household of £62,000-a-year Liam Collard can end up more pinched than that of the roughly £10,000-a-year Woody Hughes. Woody may be a part-timer on the minimum wage, but at least he and Trisha own, while Liam and Sarah are saddled with costly rent. Other big differences between these two and the other families are the benefits that are or aren't received, and the number of people, whether children or adults, that a household's income has to cover. These are crucial insights to bear in mind as we continue with our journey through Unsung Britain, and turn our mind to which sorts of families are in most need of support and the interventions that are likely to help them most.

Last but not least, in picking our families we have taken careful account of Chapter 1's analysis and been sure to include representatives of the groups that are either big or growing: for example, older adults with no children living at home, private renters, and disabled people. The problems these families face are therefore particularly likely to have wide application across Unsung Britain.

Of course, the four households we've peeked inside can't tell us everything but, fictional as they are, they exemplify many of the grinding economic problems and dilemmas that millions of UK families grapple with every day. In the rest of the book, and particularly the conclusion, we will hear the voices of real families, distilled from our focus groups and interviews, in which many dozens discussed the challenges they face, and the reforms they would most like to see. These

people were, however, invited to share their frank testimony on the promise of anonymity. We can therefore only describe them in broad-brush demographic terms, without getting into the gritty details of their tight finances. And so, as we continue our tour of Unsung Britain, we will refer back to the Collards, the Hugheses, Rhiannon and Bushra to give a realistic sense of the straitened arithmetic that underlies the real words we will hear.

Chapter Three

Work: The good news,
and the caveats

From bust banks to novel viruses, Unsung Britain has been hit hard by many things it cannot control over the last generation. The one thing helping it get through such testing times has been its own efforts to earn. This chapter reviews this essentially positive story while investigating why it hasn't quite worked the magic for living standards that we might have expected.

Considered as a whole, the last two or three decades have been a time of considerable – perhaps exceptional – employment growth, even with the financial crisis at the end of the 2000s. On some measures that slump was the worst in 80 years, but in terms of jobs it never hit as hard as the downturns of the early 1980s or early 1990s, and the extra unemployment didn't persist. Whereas the working-age employment rate was still struggling to get back to 70 per cent in the mid-1990s, it never sunk below that benchmark after 2008. Once recovery took hold, the rate returned to the 20th-century cyclical peak of 73 per cent by the mid-2010s. After that it continued to climb, reaching an unprecedented 76 per cent by the end of that decade.¹ Despite the subsequent travails of the pandemic, the long shadow of ill-health that followed, and a more recent uptick in joblessness, as of late 2025 the overall employment rate is still around 75 per cent – high by the standards of modern history.²

But the social implications of this high employment are very different to those of, for example, the post-war era. For one thing, most of the traditional disparity between the sexes has disappeared. The male employment rate, which at one time ran well above 90 per cent, is today below 80 per cent. The overall jobs growth of the last 50 years is overwhelmingly accounted for by women: when modern records began in 1971, little more than half of women worked, compared to nearly three-quarters today.³ This narrowing of the gender employment gap is a long-running

1 N Cominetti & L Murphy, A hard day's night: The labour market experience of low-to-middle income families, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

2 The Labour Force Survey has recently come under scrutiny due to lower response rates affecting several estimates, including of employment trends, since the Covid-19 pandemic. As a result, we have created an alternative employment series using administrative data sources. Recent interventions by the Office for National Statistics to address these quality concerns means that, at the time of writing, both ONS and RF estimates of employment are close to 75 per cent. For RF estimates, see: Resolution Foundation, [Estimates of UK employment](#), November 2025. For discussions of the issues surrounding the Labour Force Survey and the impact on official labour market estimates, see: Office for National Statistics, [Labour Force Survey quality update: May 2025](#); A Corlett, Get Britain's Stats Working: Exploring alternatives to Labour Force Survey estimates, November 2024, <https://doi.org/10.63492/ezh349>.

3 RF analysis of ONS, Labour Force Survey.

trend, which has now played out without interruption through all the cyclical ups and downs over the course of an entire lifetime.

A more particular recent twist has been a marked rise in employment in poorer homes. In some ways, this is the flipside of the disproportionate worklessness that had befallen Unsung Britain over the generation before. In this era, dual-earner couples were increasingly the standard in better-off Britain. But at the same time, successive waves of unemployment in the 1980s, early 1990s and again after 2008 hit some relatively disadvantaged groups – such as the less-educated and ethnic minorities – with a special force that researchers have described as “hyper-cyclical”.⁴ Having started out in the early 2010s with much more worklessness than the better-off part of the country, Unsung Britain had more capacity to take on the new jobs that burgeoned as the decade unfolded.

The chart below brings this out clearly. In light of the different starting points and long-term trends, the panels examine men and women separately. But in both cases the story across the family income distribution is similar. Almost all of the overall uplift in employment since the 1990s is concentrated in, roughly, the poorest third of homes.⁵ In middling and better-off Britain, there is little difference between the employment rates of a generation ago and those of today. However, the bottom end has seen a dramatic shift – with a rise of 20 percentage points or more among the very poorest men and women. Taking the poorer half as a whole – including the middle, where change has been more limited – the employment rate among 20-64-year-olds has risen from 52 to 64 per cent. All told, Unsung Britain’s contribution fully accounts for the total rise in employment witnessed across the UK.

4 See, for example, R Berthoud, Patterns of non-employment, and of disadvantage, in a recession, Institute for Social and Economic Research, August 2009.

5 N Cominetti & L Murphy, A hard day’s night: The labour market experience of low-to-middle income families, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

Working more: Employment growth has been concentrated in poorer homes

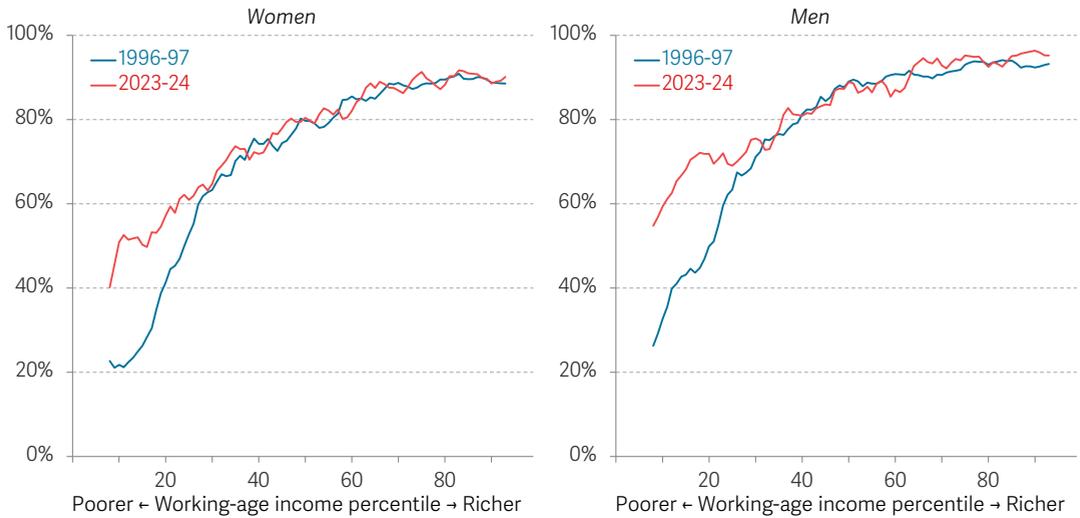


Figure 3.1: Employment rate for adults aged 20-64, by working-age household disposable income percentile, for women (left) and men (right): UK, 1996-97 and 2023-24.

Notes: Bottom and top 5 percentiles are excluded. Chart series are moving 5-percentile averages. Percentiles are calculated using after-housing-costs income.

Source: RF analysis of DWP, Households below average income; DWP, Family Resources Survey.

This dramatic increase is not down to lower-income Britain starting out with fewer barriers to work than before. As we saw in Chapter 1, with, for example, the rising incidence of long-term sickness and disability among poorer families, many people in the bottom half might now be expected to face *more* – not fewer – barriers to work than in the past. Rather, employment has risen sharply among many traditionally low-employment groups: climbing by 13 percentage points among people with disabilities over the two decades from 2002-2003, and by 17 percentage points for single parents. Of course, there are further twists in the way that these trends affecting individuals play out across whole families. But all told, entirely workless households are much rarer than they were: their share in the overall working-age population is down by a third since 1996, dropping from 21 to 14 per cent.⁶

⁶ For details of compositional effects, and their negative overall effect on Unsong Britain's employment, see: N Cominetti & L Murphy, *A hard day's night: The labour market experience of low-to-middle income families*, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

More graft, no less grind

Seeing as employment remains the most important determinant of family incomes, all the extra jobs in Unsung Britain have been the one great positive contribution to its living standards since the 1990s, pushing against other, frequently adverse, forces such as stagnation in pay rates and benefit cuts. And indeed, as we shall see in later chapters when we consider the shifting income mix, the contribution of earnings towards overall living standards has become increasingly crucial in the UK's poorer homes.

Reconsidering the position of our example families underlines this centrality. It goes without saying that the Collards are almost entirely reliant on single-earner dad Liam's IT job, although as an educated techie, he might always have been likely to have some sort of work. But one big social change in today's higher-employment economy is that if all else were equal compared to a generation ago, then people like Woody Hughes or Rhiannon Davies – who both had to give up one type of job because of disability or childcare – should now stand a better chance of finding alternative, and perhaps more suitable, employment. Both the Hughes and Davies family would be materially worse off if they had not been able to find such work.

So the relative abundance of jobs has certainly made things brighter than they would otherwise be. But this only deepens the mystery of why the overall trends in living standards that were described in Chapter 1 have been so abjectly disappointing.

Work, the ubiquitous political slogan runs, is the best route out of poverty. That is as may be, but work is not a guaranteed way of avoiding poverty, and that has remained true even as employment has become more abundant over the recent past. Back in the mid-1990s, only a minority (38 per cent) of non-pensioner families in poverty had someone in work. In the latest data, the majority – 55 per cent – do. And that big shift towards 'working poverty' has occurred without any big reduction in the overall poverty rate.⁷ Of course, workers continue to be much better off than the workless. But while in the 1990s, the typical working

7 N Cominetti & L Murphy, A hard day's night: The labour market experience of low-to-middle income families, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>; RF analysis of DWP, Households Below Average Income; DWP, Family Resources Survey.

family ranked 43 percentiles further up the (non-pensioner) income spectrum than the typical family without someone in work, by the early 2020s that gap had diminished to 34 percentiles.⁸

These kind of patterns fuel a definite sense that the increasing graft of Unsung Britain is not bringing much relief to the daily grind. One participant in a focus group of low-income workers that we ran in Worcester summed up the downbeat mood: “We all work to live don’t we, not live to work. It’s not a choice...I have to go ‘cause I have to pay the bills.”⁹

So what are the obstacles in the way of lower-income families working their way into a position where they can enjoy more autonomy and security, maybe a bit of breathing space? Many of these obstacles are found outside the world of work, and will be unearthed as we consider other pressures in later chapters, including rent and household bills. But there are two potential issues within the workplace that are also worth looking at closely, the first being changing patterns of pay, and the second the quality, as opposed to the quantity, of jobs.

More equal pay in a stubbornly unequal country

The recent evolution of the distribution – as opposed to the average level – of pay rates is another incredibly positive story, which only deepens the mystery of why the poorer half of Britain remains so hard-pressed. The most dramatic part of this tale has played out over the last decade, after the minimum wage (introduced back in 1999) began to be sharply increased from 2015. The real value of the hourly minimum wage is currently 32 per cent higher than it was a decade ago. The boost to the lowest hourly rates may be automatic but it is, as the chart below reveals, nonetheless breathtaking. On the traditional benchmark, of earning less than two-thirds of the median wage, low pay has been almost eliminated.¹⁰ There are important questions about enforcement around the edges, which we have

8 N Cominetti & L Murphy, A hard day’s night: The labour market experience of low-to-middle income families, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

9 N Cominetti & L Murphy, A hard day’s night: The labour market experience of low-to-middle income families, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

10 N Cominetti & C McCurdy, Low Pay Britain 2025: Where next for the Government’s employment reforms?, Resolution Foundation, July 2025 <https://doi.org/10.63492/bjv537>.

elsewhere put forward proposals to answer.¹¹ But in the large majority of cases, employers do comply with the rising minimum wage.

Despite warnings that pricier labour could mean fewer jobs, a vast body of evidence suggests that did not happen: employment remained high, and studies repeatedly found no or very small estimates of negative effects on employment from minimum wage increases.¹² Of course, there must come a point – even if we don't know exactly where it is – where further increases in the price of lower-cost labour will curtail demand for it, and with it the amount of paid work available for lower-income families. The risk of reaching that point is higher than in the past now that the UK's minimum wage is at the international frontier. With unemployment currently rising, it's possible that those risks are already materialising. It is, however, hard to disentangle the impact of minimum wage rises from last year's increases in employer National Insurance – those Woody Hughes heard his boss muttering about – which have ramped up the wage bill in particular ways for part-timers and lower-paid staff.

There may still be space for the minimum wage to rise relative to median wages, but the Government's current steady-as-she-goes approach to the adult pay floor (uprating in line with average wages) is reasonable in the circumstances. But with rates for young people not in education, employment or training (NEET) high and rising, it may be wise to be especially cautious with respect to the rates for under-21s, which have risen hugely over the past two years.¹³ More generally, minimum wage setters must be flexible, with annual upratings being sensitive to both the state of the labour market, as well as to any important policy changes (i.e. raising payroll taxes and the minimum wage at the same time is a bad idea).¹⁴

11 L Judge & H Slaughter, *Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond*, Resolution Foundation, April 2023.

12 A Dube, *Impacts of minimum wages: review of the international evidence*, HM Treasury, November 2019. Arin Dube provides an up-to-date compendium of the academic literature's estimates of the employment estimates of minimum wages on his website: <https://economic.github.io/owe/>.

13 N Cominetti & H Slaughter, *Labour Market Outlook Q4 2025*, Resolution Foundation, December 2025, <https://doi.org/10.63492/wgig239>; J Diniz & L Murphy, *False starts: What the UK's growing NEETs problem really looks like, and how to fix it*, Resolution Foundation, October 2025, <https://doi.org/10.63492/kvz546>.

14 N Cominetti & G Thwaites, *Minimum wage, maximum pressure?*, Resolution Foundation, March 2025, <https://doi.org/10.63492/dxif445>.

The end of low pay? Numbers below the traditional benchmark have recently plunged

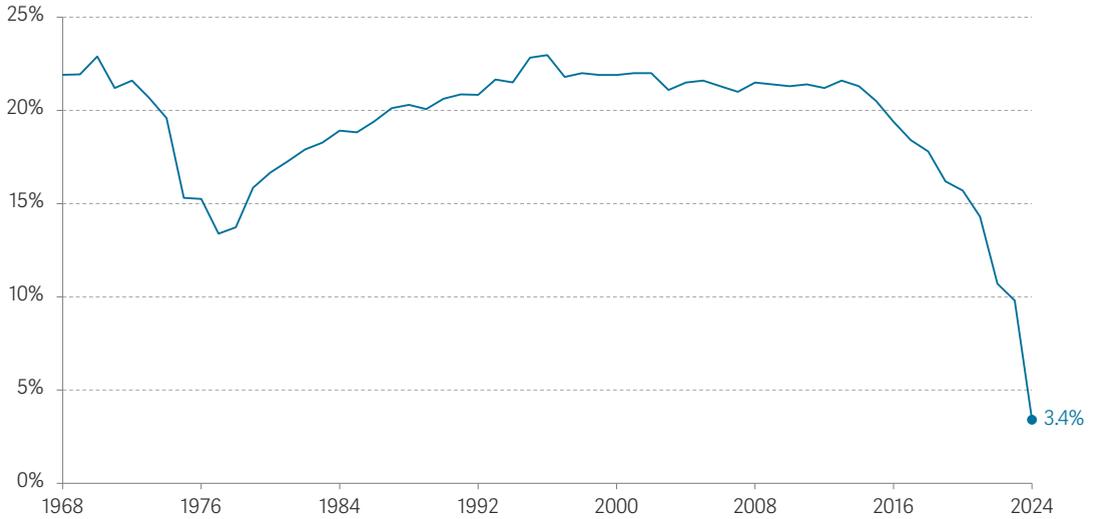


Figure 3.2: Proportion of employees with hourly pay below two-thirds of the median: UK

Source: RF analysis of ONS, Annual Survey of Hours and Earnings; ONS, New Earnings Survey.

Could falls in 'low pay' be 'just' a limited minimum-wage effect, concealing widening wage inequality elsewhere? The answer is an emphatic no. For one thing, the pay floor is no fringe issue – it is today high by international standards, and covers 6.5 per cent of the workforce, or 1.9 million jobs.¹⁵ For another thing, a whole range of gauges of inequality specifically in pay – as opposed to income as a whole – have been drifting down in recent times.

The left panel on the next chart shows how the so-called 50/10 ratio on hourly wages – that is, the pay gap between the middle and the bottom end – has been almost continually closing since the mid-1990s. The arrival of the minimum wage, and then more recently its big increases, have been instrumental in this. But the same chart allays any fears that this progress has been achieved by pushing the inequality problem up the scale. Because over the last 15 years or so, and more particularly the last decade, we can also see that the 90/50 ratio – that is, the gap

¹⁵ Low Pay Commission, *National Minimum Wage: Low Pay Commission Report 2024*, February 2025.

between higher and middling hourly rates – has also been in decline.¹⁶ A number of pay negotiations that took place in the 2020s have had a marked skew towards lower grades, which could help explain such a pattern.¹⁷ It's also the case that hours worked among high-paid men have been rising, pushing down the implied hourly wage for salaried workers.¹⁸

A narrowing gap? Various measures of pay inequality have recently fallen

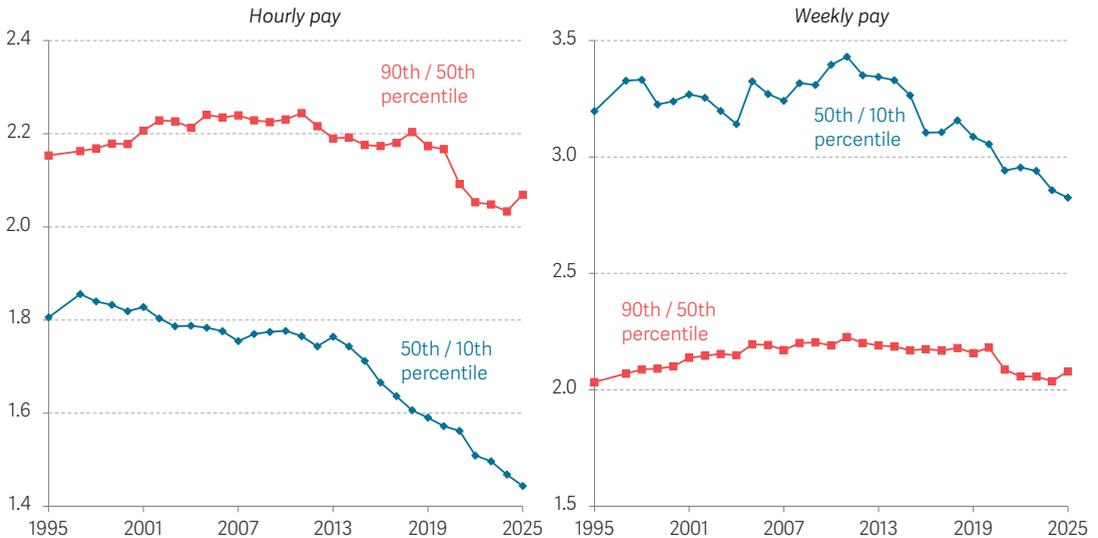


Figure 3.3: Ratio of hourly and weekly pay at the 10th, 50th and 90th percentiles: UK

Source: RF analysis of ONS, New Earnings Survey Panel Dataset; ONS, Annual Survey of Hours and Earnings.

Indeed, a remaining fear is that big differences in hours of work could frustrate the translation of more equal hourly pay rates into pay packets. Certainly, average hours are shorter among the lower-paid than the (mostly full-time) better-paid,

16 N Cominetti & H Slaughter, *Job Done? Assessing the labour market since 2010 and the challenges for the next government*, Resolution Foundation, June 2024 <https://doi.org/10.63492/yms156>.

17 For example, in autumn 2023, the Communication Workers Union stated that by securing a mix of flat-rate and proportional pay rises, it had achieved overall pay rises ranging from 13.72 per cent to around 23 per cent for the lowest paid between 2022 and 2024, see: CWU, [Resounding 'YES' to BT Group pay deal](#), September 2023. In November 2024, the National Union of Rail, Maritime and Transport Workers reported securing an average increase of 4.6 per cent for its London Underground members, but with higher raises between 5 per cent and 6.6 per cent for the lower-paid, see: RMT, [RMT secures pay win on London Underground](#), November 2024. Looking ahead to the 2026-2027 pay round for council staff, the opening bid of the three main unions is for the greater of at least £3,000 or 10 per cent, a formula that would raise lower wages by proportionately more, see: UNISON, [NJC pay claim 2023-27](#), November 2025.

18 S Clarke & G Bangham, [Counting the hours: two decades of changes in earnings and hours worked](#), January 2018.

sometimes because that is all their employers will offer, and sometimes because that is all that their family circumstances allow for. Consequently, the gap between high and low earners is perennially much higher when measured in weekly wages rather than hourly pay: as of 2025, the 90/10 ratio in the former was 5.9 as opposed to just 3.0 in respect of the latter.¹⁹ So differences in hours are definitely a contributor to differences in weekly pay. But the pertinent question for making sense of the evolving lot of Unsung Britain is whether that hours gap has been growing to a point where it negates the trend towards more equal hourly pay.

The right-hand panel assesses the force of this worry, by revealing how everything cashes out in weekly pay. Whereas the hourly wage gap between the middle and bottom has been almost continually closing since the late 1990s, with weekly wages, there was no trend either way during the first half of our period: the 50/10 ratio bumped up and down. In other words, the unequal distribution of hours was indeed stopping more equal pay rates cashing-out in weekly wages. But this is no longer happening. Over the last 15 years or so, the weekly wage gap between the bottom and middle has definitely got smaller. Higher up the scale, the 90/50 ratio suggests that there was a widening weekly wage gap between the better-paid and the middle into the 2000s. Subsequently, however, that trend plateaued. And then, more recently, this top to middle weekly wage gap has also begun to shrink.²⁰

In summary, when it comes to inequality specifically in pay (as opposed to the overall income gap), almost regardless of what measure we choose – hourly or weekly, bottom vs middle or top vs middle – there has been no general widening gulf over our period as a whole. Low hourly pay has been declining since the late 1990s, and in more recent periods the weekly wage gap between the middle and bottom has started to shrink. Most recently the top-middle gap has also started to close too. So in the most recent period, almost all the signs are of a narrowing pay gap.

That narrowing gap may be unexpected, and is certainly important to note. Compared to the alternatives of stable or widening inequality in pay, and with

¹⁹ RF analysis of ONS, Annual Survey of Hours and Earnings.

²⁰ N Cominetti & H Slaughter, Job Done? Assessing the labour market since 2010 and the challenges for the next government, Resolution Foundation, June 2024, <https://doi.org/10.63492/yms156>.

all else being equal, it is a positive development for poorer Britain. It helps with understanding why the rise in overall income inequality, which some might have expected through the difficult years since the financial crisis, has never quite shown up in the data. What this book is chiefly trying to make sense of, however, is the stagnation in the absolute level of lower disposable incomes over the last 20 years. In this context, the evolving shape of pay scales is a dead end – a positive development that must have been overwhelmed by other negative forces. To find our explanation, we are going to have to look elsewhere.

A ceiling on the effects of the pay floor

We will come back in Chapter 6 to what may be the biggest issue of all – the general petering out of progress in absolute levels of pay. It is, however, worth pausing to consider one wage rate that has recently been rising strongly in real terms – the minimum wage – and taking stock of the important real gains that it has delivered, but also reflecting on why it has not on its own been enough to move the dial sufficiently on living standards at the bottom end.

The starting point is to remember that individual earnings, our main focus in this chapter, are very different from the disposable family incomes that determine overall material well-being, and are our chief concern through most of this book. Of course, lower-paid workers are more likely to be in the bottom half of the income distribution, but not as much more likely as you might think. While most (three-in-four) workers in Unsung Britain are in the lower half of the hourly pay distribution, that still leaves a quarter who – like Liam Collard – rank among the top half for pay. Conversely, among workers in better-off households, fully one in three command pay-rates that rank within the bottom half of hourly wages.²¹ With many more jobs, an awful lot has changed about the working life of Unsung Britain over the last generation. But this mismatch between low hourly pay and living on a low family income is perennial: it has changed very little over time.

One particular implication for public policy is worth drawing out. Given what a

²¹ N Cominetti & L Murphy, *A hard day's night: The labour market experience of low-to-middle income families*, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

successful policy the minimum wage has been, it may sound plausible, and to cash-strapped politicians even alluring, to imagine that further increases could on their own transform life across Unsung Britain. But this is dangerously awry.

For one thing, the very poorest people are still disproportionately likely to be entirely without work, putting them beyond the reach of the minimum wage. More generally, workers on low hourly pay are mostly not – after allowance is made for housing, other costs and family size – in the poorest households. They face extraordinarily varied circumstances. Some are struggling single parents or others who are carrying the load of a household: the Low Pay Commission has previously suggested 36 per cent of workers on the so-called National Living Wage were the highest earner in their household. Others may be young adults staying on in comfortable family homes: the LPC suggests 25 per cent were living with their parents. Others again may be part-timers earning a handy supplement to their partners' full-time salary: the LPC describes 35 per cent of the group as "secondary earners".²² Last but not least, we also need to recognise that much of poorer Britain is in receipt of Universal Credit, a payment that is often recalculated and reduced to claw back the bulk of any wage rise they secure.

If we were looking at the distribution of gains from a higher minimum wage across the distribution of hourly pay, it would – barring issues with rule-breaking employers and child workers around the edges – be tautologically true that the gains would always be concentrated at the bottom end. But in the light of all the above considerations, there can be no such assumption across the spectrum of families.

The next chart shows our analysis of which sorts of homes actually got the gain from the higher minimum wage rate that arrived in April 2025 (on the simplifying and best-case assumption that there were no adverse employment effects). - When we consider the proportional effect on a households' total earnings – as shown in the left panel – we do see larger gains lower down. But it is nonetheless notable, that when considered instead in cash terms, nearly half (49 per cent) the gains go to the middle and above.

²² Low Pay Commission, [National Minimum Wage: Low Pay Commission Report 2024](#), February 2025.

Alternatively, we can pivot to considering the contribution that the extra earnings make to total *disposable family incomes*, also factoring in benefit income and certain deductions as well as joint earnings, which is what the right panel does. One particularly important difference here is that we are now factoring in the way earnings being clawed back from means-tested benefits. With Universal Credit, for example, every extra pound of net earnings gives rise to a deduction of 55p. For claimants who have taxes to pay – and perhaps other means-tested perks, such as Council Tax relief to lose – the ‘effective tax rates’ can end up being considerably higher. For families that earn above the Universal Credit work allowance and pay Income Tax and National Insurance, the effective tax rate on those earnings is 68 per cent.²³

Looking again across the pattern of gains across the economic spectrum on this new basis – which is more meaningful for living standards – we can see that the peak gain from a higher minimum wage is no longer at the bottom at all, but essentially in the middle. The biggest proportional gains are now seen just below the middle, and a lot accrue in the top half of the spectrum.

23 N Cominetti & L Murphy, A hard day's night: The labour market experience of low-to-middle income families, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

Raising the minimum, boosting the middle: The diffuse gains from raising the pay floor

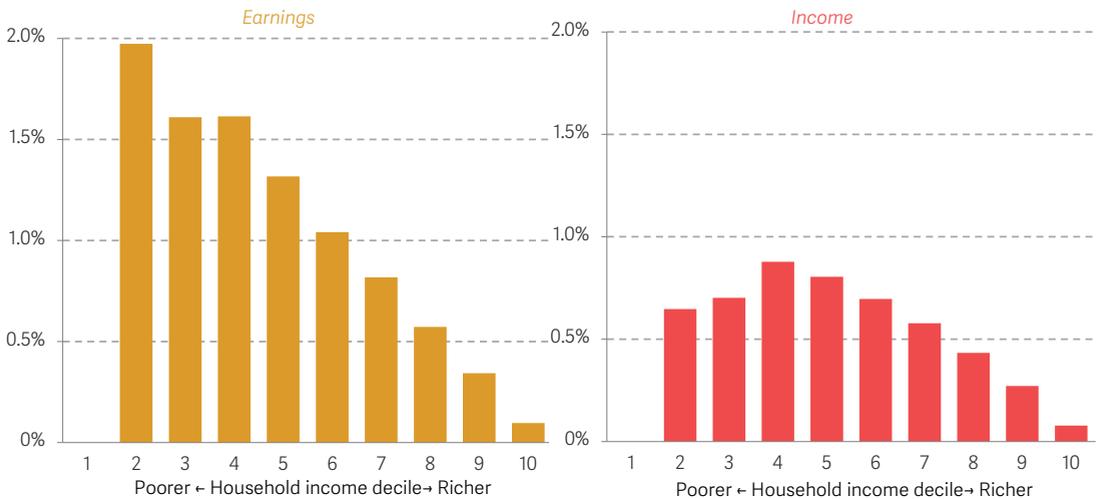


Figure 3.4: Impact on household earnings (left) and household incomes (right) of increasing the minimum wage by 6.7 per cent, by income decile: UK, 2025-26

Notes: Modelling compares the announced increase to the minimum wage (which will apply during the 2025-26 financial year and is set to take effect on 1 April 2025) to a scenario where the minimum wage is kept at 2024-25 levels. This equates to a 6.7 per cent increase for the National Living Wage (the minimum wage rate that applies to workers aged 21+). We exclude the bottom 10 per cent, due to concerns about the reliability and volatility of data for this group. Deciles are calculated based on equivalised household income after housing costs. We show the change in household earnings (left) and unequivalised household income after housing costs (right), both on a per person basis.

Source: RF analysis of DWP, Households Below Average Income using the IPPR Tax Benefit Model.

The question of quality

Jobs and wages are straightforward things to count, but when it comes to what truly matters for a better life then – at least for a lot of the families we spoke to – the quality of work is just as important as these quantities. Job quality is inherently a more subjective business than pay rates or hours. But subjective does not mean immeasurable: we can measure how far workers are getting what they want out of their jobs simply by asking them how satisfied they are.

The results of doing that are plotted on the chart below. The first thing that should be said is that all the figures are relatively high – the great bulk of workers, rich and poor, are satisfied with their job. And while there's not been much change over the

last decade, to the extent that there has, it has been benign: job satisfaction in the 2020s looks to be higher than it was back in 2010.²⁴

But what jumps out visually is that workers in poorer homes are persistently less satisfied than their better-off counterparts. The underlying data shows a small but persistent gap, of 1 to 3 percentage points, between the job satisfaction of workers across the whole of Unsung Britain and those living in the better-off half of homes. This differential grows when we focus – as the chart does – on the very best-off and worst-off homes. The gap between the top and bottom fifth becomes material, ranging from 4 to 8 percentage points.²⁵

Harder up, worse work: Job satisfaction is persistently lower for poorer workers

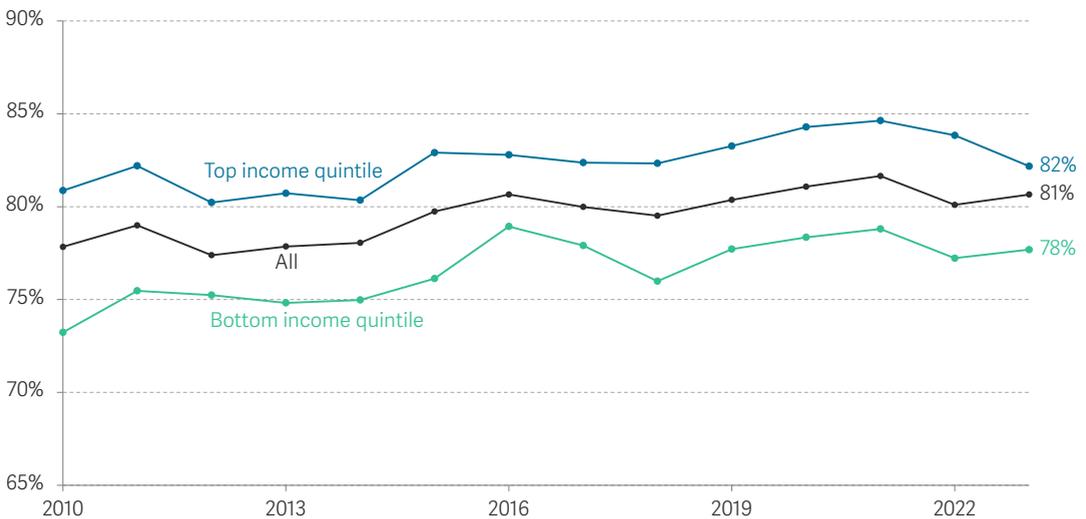


Figure 3.5: Proportion of workers satisfied with their job, by household income quintile: UK

Notes: Quintiles are calculated using after housing costs income.

Source: RF analysis of ISER, Understanding Society.

From one point of view, this satisfaction gap may not seem surprising: the same people who get a raw deal in material terms also endure less happy working

²⁴ N Cominetti & L Murphy, A hard day's night: The labour market experience of low-to-middle income families, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

²⁵ N Cominetti & L Murphy, A hard day's night: The labour market experience of low-to-middle income families, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>. See also: K Shah & D Tomlinson, *Work experiences: Changes in the subjective experience of work*, Resolution Foundation, September 2021.

conditions. But the important point is that it is not only – or even primarily – money that counts in making for a satisfying or desirable job.

When people who work (or would like to) have been surveyed, a whole host of criteria rank above ‘good pay’, including enjoyment and getting on with the boss, which are ranked as essential or very important by more than three-quarters of people, right across the income range.²⁶ Indeed, in general, there is not much variation in what workers across the spectrum say matters to them. More among the rich and the poor alike name things like friendly colleagues and scope to use their abilities as higher priorities than wages. One worker in our Worcester focus group aptly summed up the difference a collegiate workplace makes: “when you’re all singing off the same hymn sheet, the day runs smoothly.”

If the ultimate point of higher material living standards is to live a better life, then public policy needs to listen closely to such testimony and take the question of job quality seriously. Conversely, it needs to pay attention to the problems that undermine it, some of which bite harder lower down the scale. A first case in point is poor management. On many criteria – including a lack of information and consultation – the lower-waged report suffering more often than the well-paid.²⁷ And if our conversations with hard-pressed workers are any guide, a particular bugbear is managers who don’t act to correct imbalances in workload across the team. As one voice in Worcester put it: management that “didn’t deal with” this problem resulted in “resentment and... relationships [that] were really difficult”.

A second particular drain on the experience of work in much of poorer Britain is unreliability. Tellingly, one criterion of good work that poorer workers report hankering for more than rich ones is its opposite: “security”. Consider the industries that workers from the poorer half of Britain are concentrated in, and this begins to make sense. Workers in lower-income families are much more likely than their higher-income counterparts to be toiling in social care (9 vs 6 per cent); or, as

26 N Cominetti & L Murphy, *A hard day’s night: The labour market experience of low-to-middle income families*, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

27 K Shah & D Tomlinson, *Work experiences: Changes in the subjective experience of work*, Resolution Foundation, September 2021.

Rhiannon Davies used to, in a pub or restaurant (6 vs 3 per cent); or like Rhiannon more recently and Trisha Hughes in the past, in retail (11 vs 6 per cent).²⁸

These are exactly the sorts of industries that rely most on shift working and the sort of loose contracting arrangements that can leave workers uncertain what they are going to be paid from one month, or even week, to the next. Conversely, such problems are much less of an issue in the public sector, where *Unsung Britain* is under-represented. And sure enough, we find that workers in lower-income families are about a quarter more likely than their better-off counterparts to be on zero-hours contracts, almost a fifth more likely to be temping, and almost half as likely again as higher-income workers to be going it alone in solo self-employment. Poorer workers are similarly around a third more likely to be working as drivers or couriers in the inherently unreliable gig economy.²⁹

As with the finding that most workers at all levels are satisfied with their jobs, a bit of perspective on both insecurity and variable pay is soothing. Insecure arrangements may be markedly more common in *Unsung Britain*, but overall most of its workers (we estimate 77 per cent on average over 2017-2021) are on broadly 'secure' terms.³⁰ Moreover, a degree of volatility is normal across the wage range, and it doesn't always imply insecurity. Even among those steadily employed the same posts in successive months, RF analysis of HMRC's payroll data has found that the majority experience a material move up or down in their pay packet at some point in the year.³¹ Some of these were positive: bonuses, or pay rises. But the biggest proportional swings in earnings were found at the very bottom of the scale. This is hardly likely to be conducive to well-being, given the reduced capacity to manage such variation when budgets are squeezed. Immediate power imbalances set in when a worker who is feeling the pinch lacks control over their shifts, or a boss can readily 'zero down' the hours of anyone on the team who is

28 N Cominetti & L Murphy, *A hard day's night: The labour market experience of low-to-middle income families*, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

29 These categories are not mutually exclusive: an individual could be classed as insecure on multiple counts; N Cominetti & L Murphy, *A hard day's night: The labour market experience of low-to-middle income families*, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

30 N Cominetti & L Murphy, *A hard day's night: The labour market experience of low-to-middle income families*, Resolution Foundation, December 2024, <https://doi.org/10.63492/kbc1c3>.

31 M Brewer, N Cominetti & S Jenkins, *Unstable Pay: New estimates of earnings volatility in the UK*, Resolution Foundation, March 2025 <https://doi.org/10.63492/mbv258>.

deemed to be making a fuss. Over a longer horizon, in labour markets replete with unreliable hiring arrangements, workers who need security will have a weaker hand in bargaining over terms and conditions, and may stick around for longer than they otherwise would in a steady job with limited prospects.³²

It is natural to wonder whether there could be a negative feedback from insecure forms of work to mental health, and indeed there is evidence to support this hunch: a separate study has found that unreliable hours and earnings are a frequently-given reason for self-reported anxiety.³³ Woody Hughes's frustrations and worries about his hours at the tennis club being moved about or cut at short notice are far from unusual in *Unsung Britain* in the 2020s.

It is tough to measure with precision the extent to which issues with insecure contracting have grown since the mid-1990s. Some indicators, such as the number of workers temping, seem to have a strong cyclical element: in the few years after the financial crisis, with nervous employers shy of making long-term commitments, their ranks surged from less than 1.4 million at the start of 2009 to more than 1.6 million six years later. But once the recovery felt more secure in the mid-2010s, this trend went into reverse.³⁴ Other developments, however, look more structural, not least the arrival of the gig economy. Although they have not been tallied consistently over our period, zero-hours contracts have become much more of a feature. We need to register statistical caveats about changing definitions of such contracts and the evolving ability of surveyed workers to understand that they are on them. However, it is striking that while in the early 2000s, ONS records make them look like a pretty marginal issue (generally affecting less than 200,000 workers, less than 1 per cent of the workforce) its most recent estimate suggests something like 1.2 million workers (and 3.5 per cent of the workforce) are employed via such a contract.³⁵ And as we have highlighted, these contracts are disproportionately used to hire workers from poorer homes.

32 For more on the connection between insecure hiring arrangements on the one hand, and – on the other – industrial relations and career dynamics, see: U Altunbuken et al., [Power plays: The shifting balance of employer and worker power in the UK labour market](#), Resolution Foundation, July 2022.

33 A Felstead et al., [Insecurity at Work in Britain: First Findings from the Skills and Employment Survey 2017](#), Wales Institute of Social and Economic Research and Data, October 2018.

34 RF analysis of ONS, [Temporary employees](#), November 2025.

35 RF analysis of ONS, [People in employment on zero hours contracts](#), November 2025.

In sum, the problem of unreliable earnings looms larger in poorer homes than richer ones. Moreover, looking ahead, given the widespread recourse to zero-hours contracts and gig working it is pertinent to ask if an architecture of insecurity has been built in the British workplace. Promisingly, the Labour Government's ambitious Employment Rights Act contains measures to strengthen protections for shift workers, who will be given a right to a contract with guaranteed hours reflecting the hours they normally work. But the law is not the only force that matters here: developments in business organisation and technology will also have a bearing on how much work ends up being carried out freelance, or over remote platforms.

Looking back over our period as a whole, an optimistic take would be that 'flexible' arrangements that make it easy for those hiring labour to switch it on and off like a tap may have contributed to mostly buoyant trends in employment. It could also be that in downturns, more flexible jobs could see more of the adjustment happening via lost shifts rather than lost jobs (though of course that still means lower earnings and incomes). Reality looks less benign, however. Unemployment has been rising over the past 12 months in response to a sluggish economy, and in the three months to October 2025 stood at 5.1 per cent, not far off the high point reached during the pandemic. These are the circumstances in which the social safety net becomes particularly important. Unfortunately, however, that safety net is not what it was – as the next chapter will show.

Chapter Four

Benefits: From social security
to social insufficiency

The last chapter set up something of a mystery as to why more employment over the last generation – and more equal pay over the last decade – have not ushered in the happy times that we might have expected. Earnings are not, however, the full story. Living standards also depend on taxes and other unavoidable outgoings, which we will consider in later chapters, together with other sources of income. Seeing as poorer Britain receives little in the way of returns from properties or investments, by far its most important source of income aside from earnings is social security. Its effect on living standards is often particularly sharp, because – unlike earnings, which are more important for the better-off – benefits become more critical the lower down the income distribution you go.

Much more than earned income, social security income is complicated. Depending on exactly what is counted as a ‘benefit’, there are a couple of dozen different payments in operation at any one time. The names of several of these payments, and in some cases the very form they take, have changed during the period we are considering, sometimes more than once. Indeed, more than two-thirds of outlays on non-pensioner welfare is now on benefits – such as Universal Credit and Personal Independence Payments (PIP) – that did not exist in 2010.¹ This chapter cannot sensibly document all of this rebranding and reform.

Instead, what we will focus on here are various changes – or, more bluntly, cuts – to a host of benefit rates during the years after 2010. First, we look at those changes in isolation, abstracting from all the other things that were going on that could have affected benefit entitlements – in terms of jobs, earnings, demographics, prevalence of disability and so on. Then, we look at the impact of all these individual changes on the total benefit income actually received.

Context of the cuts

Before diving into our story of austerity, a couple of important twists to the plot need to be briefly registered, one around the turn of the millennium and the other much more recently. The decade or so from the later 1990s was a period

¹ M Brewer & A Clegg, Ratchets, retrenchment and reform: The social security system since 2010, Resolution Foundation, June 2024, <https://doi.org/10.63492/gox251>.

of expansion and innovation specifically in family benefits. These were markedly increased and rewired into tax credits to chase ambitious targets for reducing child poverty. Consequently, the subsequent retrenchment in child-related payments – unlike the freezes and restrictions in benefits of other sorts – took place from an historically high starting point. That is important to keep in mind, and so is another one particular feature of how entitlements were expanded in those years. To an unprecedented extent, the tax credits of the 2000s brought families where someone was in work into a system of income-related payments. But once expansion gave way to contraction, the logical flipside was that it would not only be those without employment, but also ‘working families’ who would feel the cuts.

The second twist arose more recently, over a brief period that started with the 2020 pandemic: for a while, the austere thrust of 2010s social policy swung into dramatic reverse. The most extraordinary manifestations were not in social security as traditionally understood, but rather in the wage-underwriting furlough scheme that was rapidly improvised during the lock-down, and then the fuel-subsidising energy-price guarantee scrambled together during the 2022-23 cost of living crisis. There was also, however, a £20-a-week temporary pandemic increase in the basic benefits safety net for 6 million people.

Extraordinary as this was, it need not detain us too much because our focus in this chapter is on *permanent* changes. Many observers had forecast that snatching away the various extra emergency supports would be incredibly difficult, maybe even impossible. But in the end, the furlough, the energy guarantee and the £20 safety-net uplift were all withdrawn sharply. For working claimants, things were sweetened by other changes, most prominently a permanent reduction in the so-called ‘taper’, easing the rate at which benefits are reduced as earnings rise from 63p to 55p in the pound. For the workless, though, it was almost as if the emergency measures had never happened. Even targeted cost of living payments soon petered out, leaving the relatively marginal, locally administered Household Support Fund (soon to become the Crisis and Resilience Fund, which will also include Discretionary Housing Payments) as the last remaining trace of the huge bout of social relief of the early 2020s. By the time that *Unsung Britain* had arrived in the mid-2020s, that brief burst of largesse had disappeared as suddenly as it had arrived.

As well as these important wrinkles in our story over time, we must also acknowledge that the last generation has witnessed much more geographical variation in the operation of the social security system. Before 2010, the structure of benefits was essentially uniform across Great Britain. But the Scotland Act 2016 granted Holyrood the power to create and run new payments for disability, care and maternity, plus scope to create all manner of other top-ups or vary other parameters of the established system. Several significant adjustments have been made in Scotland, including a new Scottish Child Payment. More limited devolution was later given to Wales – not covering DWP benefits directly, but various other entitlements that can be linked to them, such as free school meals and aspects of childcare. In both these home nations, this extra autonomy was broadly welcomed. Northern Ireland was different, in that social security had always been devolved, but the nation has latterly embraced its powers with new determination, going beyond the old aim of ‘parity’ with the mainland, and instead taking proactive measures to soften the harsh edges of various cuts drawn up in London.²

Less popular, and less sought, have been new responsibilities on local authorities for rebates for council tax and discretionary housing-related payments. The onus on town halls to offer local relief schemes was imposed to try to plug the holes that the centre was cutting in the old national safety net, as happened with the abolition of national schemes for crisis support and Council Tax benefit.

All these varying changes are important, but we cannot hope to attend to them all while sketching the big picture on social security as it has affected *Unsung Britain*. Our analysis here thus mostly concentrates on Great Britain-wide changes and, when things vary across the home nations, particularly on England, where 85 per cent of *Unsung Britain* is resident. We refer readers interested in the newly variable geography of social security to the research beginning to emerge from a major new collaborative project on this theme.³

2 For more on how social security powers and practices vary across the home nations see: M Simpson, *Social security in the four UK countries: Who does what and where?*, Safety Nets, May 2025.

3 <https://safetynets.study/>, accessed 15 December 2025.

From low to lower

One other important preliminary to the post-2010 austerity story is understanding just how low the basic rates of British benefits already were, by both historical and international standards. If the subsequent cuts have bitten particularly hard, that could well be because their effect has been to reduce incomes that were already very low. The point is easily made in a couple of charts, the first capturing the long slide in the relative value of basic benefits over many decades, the second how the basic safety net compares to that in comparable countries.

Whereas basic benefits for a single adult would sometimes replace as much as a third of average earnings in the postwar era, the chart immediately below shows how this ratio then declined unremittingly over decades on end. Long before the austerity or general stagnation of recent times, anyone relying on the safety net was prone to fall behind, simply because income support and unemployment benefits were not routinely adjusted in line with rising living standards among the wider population. As real wages rose, the proportion of those wages that benefits would replace would tend to decline. Before a temporary bump up in the safety net at the depth of the financial crisis, the proportion of an average wage that basic benefits replaced was languishing at 15 per cent – less than half the peak postwar proportion.⁴

It is worth briefly noting here that the Starmer Government last year announced a modest increase, worth nearly £5 per week to single Universal Credit claimants by April 2029. That will be a welcome boost to many struggling households, but on the long view captured in the chart, a far bigger increase would be required to turn the tide back towards earlier values of wage replacement.

4 This refers to the above inflation increase in Child Tax Credits (CTC), and expansion of Support for Mortgage Interest (SMI). See B Morgan, [2008/09 income tax and tax credit changes: key statistics](#), House of Commons Library, July 2008; and F Hobson & R Harker, [Support for Mortgage Interest loans](#), House of Commons Library, August 2023.

Sixty-year slide: Basic benefit rates as a fraction of average earnings since 1949

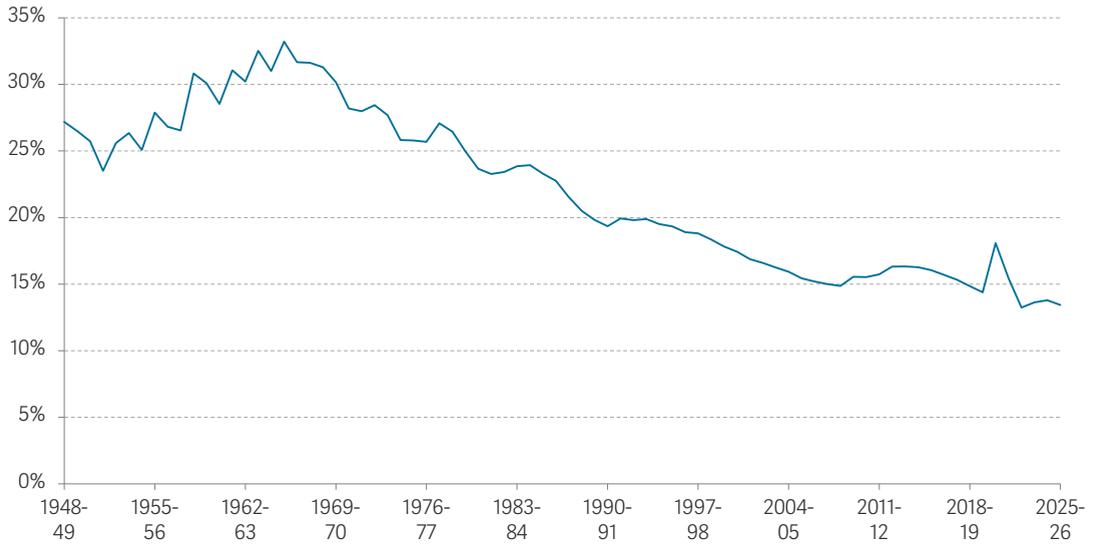


Figure 4.1: Basic unemployment benefit as a proportion of Average Weekly Earnings: UK

Source: RF analysis of ONS, Abstract of Benefit Statistics; ONS, Labour Market Statistics; ONS, Consumer Prices; OBR, Economic and Fiscal Outlook, November 2025.

This sustained trend – which, as the chart above shows, overwhelmingly took place before rather than after austerity – has also dragged Britain’s safety net down the international rankings for generosity. Many other systems around the world hardwire in a specific link between typical wages and general benefit rates, or what a particular individual previously earned and the payments they are entitled to.

The most dramatic way to make the international comparison focuses on the basic support immediately available to unemployed adults, which is now far, far lower in the UK than anywhere else in the OECD.⁵ But we want to give a more rounded picture, taking account of the fact that low basic British benefits are somewhat offset by higher payments in respect of housing needs and children. The next chart factors all that in. It still reveals, however, that childless Britons losing employment will see less of their vanished wages replaced by benefits than those in any other comparable country, aside from Australia and the US. Even for a lone British parent with two children, the so-called ‘replacement rate’ is 16 percentage points lower

⁵ RF analysis of OECD, [Benefits in unemployment, share of previous income](#).

than the OECD average, representing the fourth-lowest level of relative support for such a family across the entire rich-country club.

Less protected: The safety net for Britons is far lower than most of their counterparts

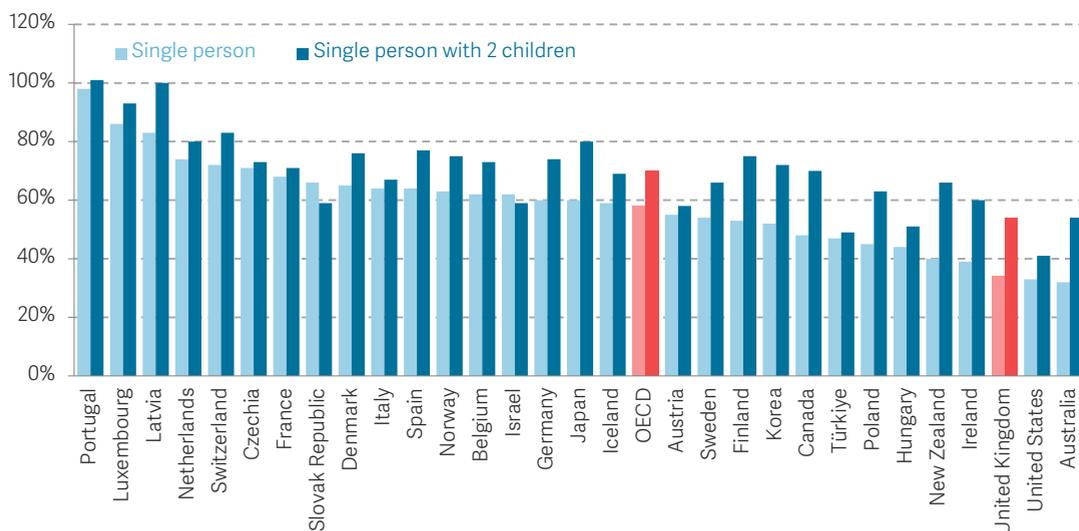


Figure 4.2: Net replacement rates for the first month of unemployment for different family types, 2024: OECD countries

Notes: Replacement rates shown are for the first month of unemployment and include social assistance and housing benefits.

Source: OECD, net replacement rate in unemployment.

Two waves of austerity

The big difference in the evolution of most non-pensioner benefits after 2010 was the shift from a relative decline in value (when measured against generally rising real wages) to an absolute reduction in benefit rates. The swing towards retrenchment was more dramatic in the case of payments for families, which had previously been rising, and was non-existent in the case of pensioner benefits which – partly due to demographics, partly due to the costly ‘triple lock’ uprating regime – have continued to rise.

The first phase of austerity, under the Conservative-Liberal Democrat Coalition government between 2010 and 2015, majored on the identification of particular cuts, along with some genuine reforms in the way the system worked, most notably

with the inception of, and then the start of the phased introduction of Universal Credit. Examples of this first wave of cuts included:⁶

- Restricting housing benefit so that the starting point covered only the bottom 30 per cent of private rents in a given area, rather than – as previously – the bottom half;⁷ and, through the so-called ‘bedroom tax,’ ceasing to cover spare rooms for working-age social renters.
- Imposing a cap, initially £26,000 and now actually lower in cash terms, on the total benefits that a workless household could get. (There are certain exceptions, such as for disabled people.)
- Freezing universal Child Benefit for a period and withdrawing it from parents with higher income.
- A host of restrictions on tax credits, including focusing all (rather than most) of the entitlement on poorer families; removing extra payments for babies and for over 50s; dramatically restricting the amount incomes could rise within a given year before repayments were required. The gist of these economies were mapped across to Universal Credit where, initially at least, they were designed to bite even harder.

These cuts caused many difficulties in *Unsung Britain*. Thinking back to our four families in Chapter 2, we can see that – absent these changes – the squeeze would often have been a lot less intense. For example, when housing benefits covered more typical private rents than they do today, Rhiannon Davies would not have faced quite the same desperate panic about finding a social home. And the arithmetic for a family like the Collards would also have been less severe: they would automatically have received Child Benefit, irrespective of Liam’s above-average earnings, and the family might even have got a small amount of tax credits.

6 For more detail comprehensive list of all the benefit changes captured in the analysis in the modelling reported on in this section see: M Brewer & A Clegg, *Ratchets, retrenchment and reform: The social security system since 2010*, Resolution Foundation, June 2024, <https://doi.org/10.63492/gox251>, and A Corlett & L Try, *Hard Times: Assessing household incomes since 2010*, Resolution Foundation, June 2024, <https://doi.org/10.63492/biu3807>.

7 Since being linked to the 30th percentile, the Government has frozen Local Housing Allowance (LHA) rates eight times, and repegged to the market level just twice. See H Aldridge, *Housing Outlook Q4 2025*, Resolution Foundation, October 2025, <https://doi.org/10.63492/vbh1305>.

Many of the overall changes hit poor families hard, but – particularly with that withdrawal of Child Benefit from higher earners, the great bulk of whom were far more prosperous than Liam Collard – there was at least a semblance of balance. As the Coalition’s term ground on, however, on top of such specific cuts, the government began to seek more general savings by simply holding the annual indexation of benefits down below the expected rate of inflation. Initially, an arbitrary rise of 1 per cent was allowed for. Then, as the drive for savings intensified in austerity’s second wave – under the Conservative governments after 2015 – most non-pensioner benefits were simply frozen in cash terms until 2019.⁸ The cumulative effect on basic benefit rates from the three years of under-indexation from 2013, followed by the four years of freezes from 2016, was to cut their real value by 8 per cent.

The search for chunkier savings from particular groups of claimants also continued late into the decade. Recipients of incapacity-type benefits were one such group: those deemed ready to prepare for work (though not necessarily for work itself) lost their top-up. Private renters were another. Not long after housing benefits were restricted to lower rather than middling rents, the new lower peg had started to erode, via sporadic and often inadequate annual adjustments. By the late 2010s, the old link between housing benefits and market rents was more or less broken. In most years, in most of the country, most private tenants were soon having to top up housing support out of their (already squeezed) basic benefits. This has had grave implications for housing security, as well as poverty rates. The decoupling of private rents from benefits greatly intensified the awful pressure on Rhiannon Davies before she secured her housing association home.

The most dramatic move was against families with children in general, and large families in particular. Compounding the long years of squeezes and freezes, there was a further cut in their means-tested benefits, with the abolition of an extra chunk of entitlement previously factored into the calculation for any claimant with at least one child. But it was families with three or more children that suffered much worse, thanks to the imposition of the ‘two-child limit’, which entirely

⁸ L Judge & L Murphy, *Rates of change: The impact of a below-inflation uprating on working-age benefits*, Resolution Foundation, October 2023.

withheld the basic means-tested entitlement for children with two or more siblings born after 2017. To someone like Rhiannon Davies, whose third and youngest child Rhodri, fell afoul of this test, the hit to income is £3,500 over the financial year 2025-26. This is the last year the limit will apply, after the Autumn 2025 Budget announcement that it would be abolished (a major recent move that we will return to at the end of this chapter). To other families, with a fourth or even fifth child as well as a third, the 2025-26 hit works out at twice or even three times that.

There were some offsetting moves – an expansion of free childcare, for example, as well as that post-pandemic cut to the earnings ‘taper’ that we mentioned. Overall, however, the post-2010 trend has been for sharp and enduring reductions in benefit entitlements.

It is instructive to put all the changes to cash entitlements together and consider their effect across the income distribution. The chart below does so, in both proportional and cash terms, covering the years 2010 to 2024. Looking at things in pounds and pence, sacrifices of at least £500 to £1,000 are evident across the whole distribution up to the top – reflecting, for example, the withdrawal of child benefit from high earners. But even in cash terms, the aggregate losses are bigger in the bottom half, and end up much, much bigger at the very bottom end, where they average over £3,000 a year. And this is, of course, a hit concentrated on incomes that were already low. The pattern in proportional terms is astonishingly regressive: whereas losses at the very top constitute a hit to incomes of less than 1 per cent, right across *Unsung Britain* the reduction from benefit policy is 3 per cent or more, and among the very poorest it approaches an *average* of 15 per cent.

Averages, of course, conceal more than they reveal, so for some poor families the hit will be greater still. Our example families have not been picked to highlight extreme cases, but rather to give a sense of the mix of *Unsung Britain*. But if you imagine a family with five children, living in private rented housing and subject to big hits from both the two-child limit and the household benefit cap, their total losses are likely to far exceed anything shown on this chart.

Have less, lose more: The slanted effect of benefit policies 2010-2024⁹

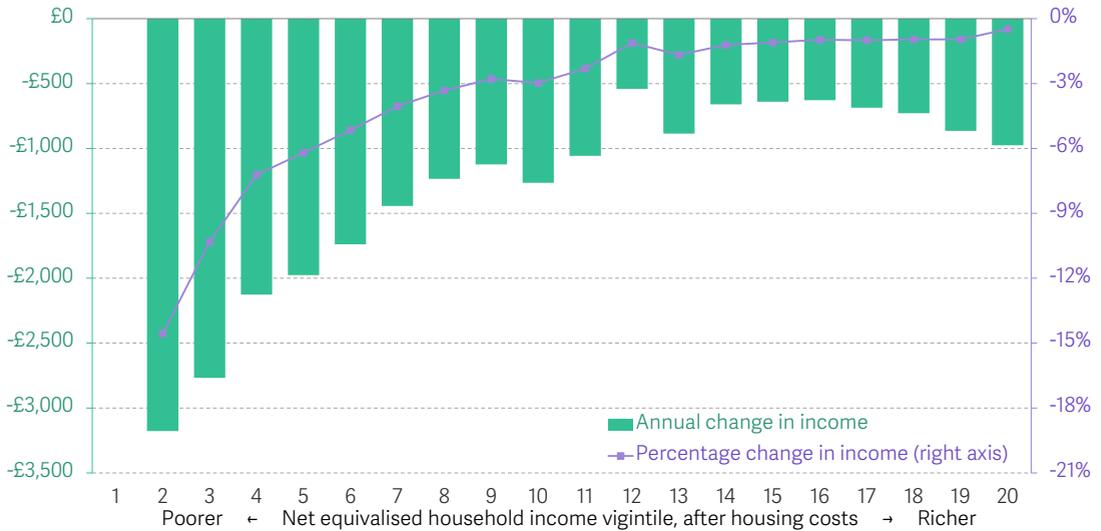


Figure 4.3: Impact of social security changes since 2010 on working-age household income, 2024-25 prices: UK

Notes: Scenarios modelled for 2010-21 and 2024-25 represent the social security system in that year, uprated to 2024-25 prices using standard uprating conventions. Vigintiles are organised on a per person basis using equivalised household income for working- and pension-age households in 2024-25. The bottom vigintile is excluded due to concerns with data reliability for this group.

Source: RF analysis of DWP, Family Resources Survey using the IPPR tax-benefit model.

How everything cashed in: More then less

The analysis just presented is counterfactual, it relies on complex calculations to isolate the effects of social security policy changes in isolation, holding everything else equal. Of course, in the real world everything was not equal. Indeed, virtually everything else that matters to living standards has also shifted during our period – including employment, wages, health, rents, mortgage costs, the tenure mix and taxes. Developments on some of these fronts (like the worsening health we discuss in Chapter 9) will push eligibility up, others (like the rising number of people in work that we showed in Chapter 3) may operate to reduce it.

⁹ M Brewer & A Clegg, Ratchets, retrenchment and reform: The social security system since 2010, Resolution Foundation, June 2024, <https://doi.org/10.63492/gox251>.

To see what has actually happened to incomes from benefits, we can simply look at what families report in household surveys about what they have received. It is pertinent to separate the pre- and the post-austerity half of the story, because – on the basis of policy considered in isolation – one would expect very different stories. Before the significant retrenchments detailed above, the late 1990s and 2000s had witnessed a very substantial expansion of benefits for families with children to top-up low, middling and to some extent even higher incomes.

The next chart imposes a break-point in 2010-11, about half-way through the overall period and roughly when the cut-backs began. (We say ‘roughly’ because while some cuts were imposed as early as 2010, the main moves only began to bite a couple of years later). At most points along the income scale, we can see that inflation-adjusted income from cash benefits rose in the 15 years to 2010-11, and then fell back. Both the rise and fall were more dramatic at the bottom of the distribution, where benefits are always more important.

Looking across the poorest half of households, annual benefit income rose by an average of £1,900 a year in real terms between 1994-95 and 2010-11, before falling by £1,600 between 2010-11 and 2023-24, compared to a rise of £600 and fall of £300 among the richer half. Taking these ups and downs in aggregate, the richer half actually saw a *bigger* proportional increase in their benefit income (of 14 per cent) than the poorer half (of 4 per cent) over the past three decades, and the bottom quartile specifically, experienced a real terms *fall* in benefit income (of 13 per cent).

We have stressed how many things beside policy could *potentially* affect the benefits that families receive, but in practice the marked rise and then even-more marked fall in benefit payments is not something that can be explained by a cyclical slump, even one as dramatic as the post-crisis downturn which gripped the country at our half-way point. For one thing, we have seen that its effects reach into parts of the range where the great bulk of households always had someone in work, making it less tenable that this is all about redundancies. More fundamentally, the timings don’t work. Both halves of our period blend very different years in the cycle. The period 1994 to 2010 starts with the country still struggling to throw off the unemployment of the early 1990s recession, moves through the gears into the

buoyant days of the 2000s, and then ends in the shadow of the financial crunch. The second period, by contrast, starts in 2011 with post-crisis unemployment still raised, then includes both a steady recovery and the pandemic shutdown. The big rise and fall of benefit income played out through all these ups and downs. The more plausible principal explanation is policy: transfer payments were increased for families and extended up the income scale before 2010, and then pared back afterwards.

The rise and fall of benefits received across the income spectrum

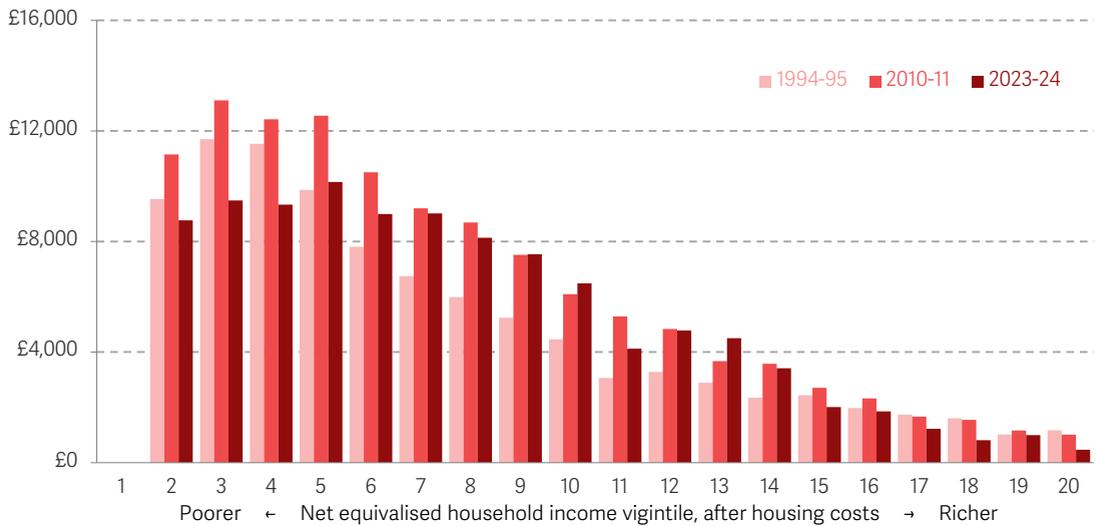


Figure 4.4: Average real-terms gross household income from benefits among non-pensioner households, by whole-population income vigintile: GB/UK

Notes: GB before 2002-03. Data in 2023-24 prices, deflated using CPI. The bottom vigintile is excluded due to concerns about the reliability of the data.

Source: RF analysis of DWP, Households Below Average Income.

In sum, 'more then less' is a good way of boiling down the main story of benefits over the last generation. Many things aside from policy will have affected what money families received, but policy looks to be the most plausible principal candidate for explaining that overall arc. Of course, it might nonetheless be imagined – as politicians have sometimes claimed – that a bit of 'tough love' on benefits can still work well for everybody, if it supports the kind of economy that creates opportunities and the spirit of individual initiative to take advantage of them. In later chapters we'll put the big picture on income back together, which

will help us consider how far – or not – increased earnings have offset the recent decrease in benefit incomes.

Squeeze without end?

The effect of social security cuts over the last 15 years on the payments working-age Britain actually receives, then, seems plain in the data. And a couple of additional considerations render the judgment on its effects even harsher. The first is the extraordinary contrast between the trajectory that has been followed by the sorts of benefits that Unsung Britain receives, and what has happened to the payments made to pensioners. The big shifts in pensions – which were already rising before 2010 – have been threefold: the ‘triple lock’ uprating formula which, over time, works to increase entitlements not only relative to prices but relative to earnings as well; the introduction of a new and simplified state pension which is higher than the old basic pension; and exemptions to a lot of the benefit cuts experienced by the wider population.¹⁰ Indeed, the only high profile cut to benefits for older claimants was the means-testing of Winter Fuel Payments in 2024, a move which has since been mostly reversed. There were only two other moves worth mentioning: a new requirement that both members of a couple should have reached pensionable age before Pension Credit was paid; and some restrictions on housing support for those who rent privately,¹¹ something only a very small minority of pensioners do.¹² Overall, the effect of post-2010 social security policy was to boost pensioner incomes, by something of the order of £1,000 across most of the range.¹³

The second factor that makes the recent story of social security in Unsung Britain particularly harsh is – with a couple of important caveats that we will come to – the lack of any sign that the big squeeze on entitlements will relent. After the financial crisis, the argument that a period of sacrifice was needed to repair the battered

10 Benefits tend to rise relative to earnings for two reasons: i) in periods where, as recently, average earnings have failed to keep up with prices, pensions are guaranteed to continue to do so; ii) in spells where both growth in price inflation and earnings are both slow, pensions are always guaranteed to rise by at least 2.5 per cent.

11 M Brewer & A Clegg, Ratchets, retrenchment and reform: The social security system since 2010, Resolution Foundation, June 2024, <https://doi.org/10.63492/gox251>.

12 ONS, *Living longer: changes in housing tenure over time*, February 2020.

13 M Brewer & A Clegg, Ratchets, retrenchment and reform: The social security system since 2010, Resolution Foundation, June 2024, <https://doi.org/10.63492/gox251>.

public finances carried the political day. But few voters, whether in *Unsung Britain* or higher up the range, probably expected that social security would be continually squeezed for over a decade. It briefly felt as if the pandemic had finally reset the direction, but before long this proved an illusion. The government debts run up during the lockdowns and then the energy crisis soon gave rise to a search for fresh retrenchments.

The overall weight of working-age social security in national income is not ‘out of control’, but broadly stable as a share of the economy.¹⁴ Equally, the cuts just described have not in the end led to a much cheaper welfare system, largely because the caseload (and hence cost) of many health-related benefits has been soaring in the 2020s. In early 2025, the Labour government attempted to arrest these trends with marked tightening in eligibility, which would have translated into annual losses of the order of more than £10,000 for some households.¹⁵ Rebellion on the Government’s backbenches saw off the main planned cut to PIP, but significant changes within Universal Credit are set to go ahead. This will rebalance support within Universal Credit by increasing the generosity of the basic rate while halving the benefit premium known as Universal Credit (Health) for successful new claimants.

The two most important recent decisions pushing in the other direction – towards boosting the incomes of claimants – are, for one, the crucial recent decision to end the two-child limit; and, for another, that modest uplift in the standard allowance of Universal Credit that will soon start to be phased in.

But crucial as the two-child move is, its most important effect is to avoid a negative – averting the great tide of hardship that would otherwise have continued to build as the rule worked its way up the age range.¹⁶ Other parameters of the system will keep making life more difficult for at least some. For example, the household benefit cap – another policy that structurally disadvantages large families – looks set to continue to catch those with ever-lower levels of real social security income, because of the lack of any inflation adjustment. As for the raising of the Universal

14 A Clegg, *Is welfare spending ‘out of control’?* Resolution Foundation, November 2025.

15 C Aref-Adib et al, *Unsung Britain bears the brunt: Putting the 2025 Spring Statement into context*, Resolution Foundation, March 2025, <https://doi.org/10.63492/teo308>.

16 A Clegg & L Judge, *No half measures: Setting child poverty on a downward course at the Autumn Budget*, Resolution Foundation, October 2025, <https://doi.org/10.63492/lmc139>.

Credit's standard allowance, this deserves saluting as a welcome break with the UK's unusual and decades-old refusal to peg the basic safety net to earnings, which we have described above. At the same time, however, a bit of perspective is required on how far it can go in reversing the effects of freezes and squeezes since 2012: the planned uplift will only take the safety net back to where it had sunk by 2018.¹⁷ And again, other features of the system will exert a downward pressure on disposable incomes, particularly for private tenants, whose housing benefits no longer automatically allows for the rising rents they have to contend with.

More strings

We closed the last chapter on employment and earnings by arguing that we need a rounded consideration of the link between the workplace and our quality of life. This is about much more than the amount a worker might bring home in a particular week. The question of how far they felt able to rely on those earnings and how much control they felt they had over the way they worked were also incredibly important. There is a parallel here with benefit income, where the behaviours required of claimants to receive full payment has increased greatly over the last 30 years.

Payments in respect of disability and sickness have changed a great deal since the mid-1990s, when the first of several reforms aimed at bolstering employment took place. It created a new incapacity benefit incorporating a stiff new All Work Test, which switched the focus from claimants' past occupations to the feasibility of them taking on any job. Repeated bouts of rebranding, reform and tightening-up have followed, and securing these benefits now relies on passing through tests which many claimants find gruelling. One woman that we met in Worcester, who manages both physical and mental health conditions, summed up her experience of navigating the system thus: "You just feel like a number as opposed to an individual, and it's just ... it can feel quite intrusive, and it can feel quite degrading, the way you can get categorised."

On top of benefits designed to replace earnings, there are others that are meant to help with the costs that arise from living with a disability; these have also been

17 M Brewer, A Clegg & L Murphy, A dangerous road? Examining the 'Pathways to Work' Green Paper, Resolution Foundation, March 2025, <https://doi.org/10.63492/fxz2960>.

subject to major reforms. For those, like Trisha Hughes, who live with a fluctuating if mostly worsening condition, the process of getting the right benefit at the right rate could well require repeat applications. For the system is not one that can be trusted to get those assessments right first time: one in five decisions about PIP are challenged via a mandatory reconsideration, and a third of these reconsiderations are then taken forward to a formal appeal.¹⁸

Beyond health-related entitlements, there has been a far wider trend towards attaching more conditions to benefits. In relation to the unemployed, this traces back to the mid-1980s; during the 2000s, it increasingly also encompassed workless lone parents. Unemployed people can now be required to spend up to 35 hours each week searching for a job and are expected to accept any job whatsoever within a 90-minute commute. While claimants may experience this a heavy-handed approach, there is clear evidence that it has played a role in increasing employment rates discussed in the previous chapter.¹⁹

More recently, the Government has been attempting something completely new: attaching conditions to benefit claimants who *are* already working. Whereas housing benefit and some tax credits used to be paid without strings, this support has now been moved into Universal Credit, which has been designed for conditionality. Initially, claimant requirements – such as to attend interviews or seek and prepare for work – only applied to jobless claimants. But after the migration of recipients onto the new system had gathered pace from the mid-2010s, policy began to aim at requiring a significant band of part-time workers on Universal Credit to show they were making efforts to increase their earnings (and thereby reduce their benefit entitlement).

Full-timers on the minimum wage, or indeed people who pull in similar earnings by working fewer hours at a higher rate, are under no such obligation. But in general, those earning less than the equivalent of 35 hours on the minimum wage are – at least in theory – expected to demonstrate they are taking steps to boost their earnings, and those earning 18 hours or less at the wage floor are supposed to

¹⁸ DWP, *Personal Independence Payment statistics to October 2025*, GOV.UK, December 2025.

¹⁹ M Alexandru Codreanu & T Waters, *Do work search requirements work? Evidence from a UK reform targeting single parents*, Institute for Fiscal Studies, February 2023, <https://doi.org/10.1920/wp.ifs.2023.0223>.

be subject to full-on 'intensive' conditionality more akin to that imposed on the unemployed. The chart shows the upshot: despite the substantial jobs growth and reduction in unemployment since 2010, there are today as many people subject to benefit conditionality as there were back then.

The 'work harder' rule: The spread of conditionality to benefit claimants with jobs

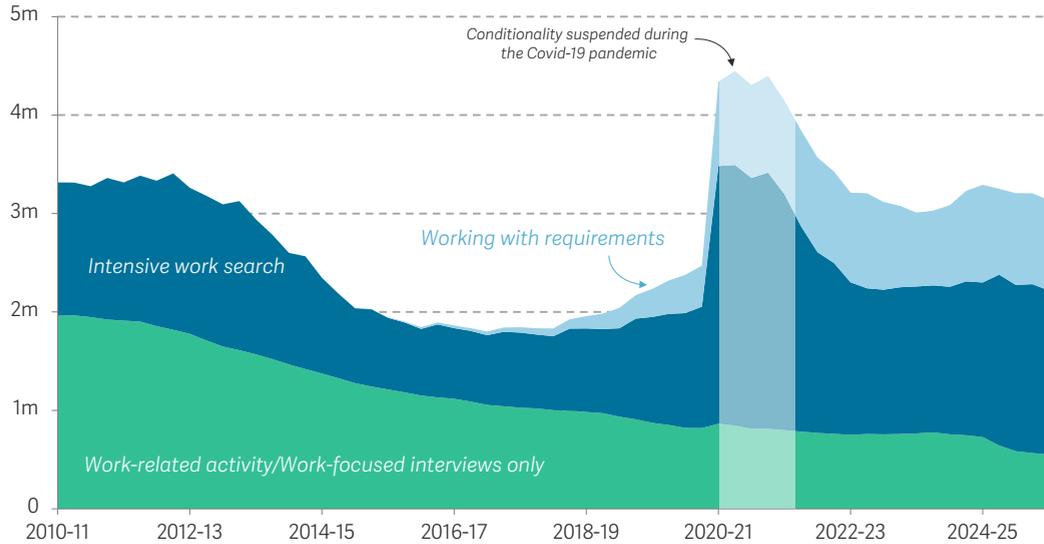


Figure 4.5: Number of people in different conditionality groups: GB

Notes: Shows people on Universal Credit and claimants of Jobseekers Allowance, Employment and Support Allowance, and Income Support. Lone parents receiving Income Support with a child under the age of one are not subject to conditionality but appear here in the 'work-related activity/work-focused interviews' group as it is not possible to separate them in the data. All Jobseekers Allowance claimants are shown in the 'intensive work search' group; in reality a small number may not have this requirement due to their specific circumstances.

Source: RF analysis of DWP, StatXplore.

Or at least, that is the theory. In practice, the National Audit Office has reported that jobcentres face recruitment and retention difficulties, which resulted in most (57 per cent) of jobcentres making recourse to 'flexibilities,' allowing them to reduce the requirements on (and employment support available to) many of these claimants.²⁰ And fewer sanctions are being imposed than in the mid-2010s.²¹ So it is hard to know exactly how many poorer workers are *actually*

20 DWP, *Supporting people to work through jobcentres*, National Audit Office, March 2025.

21 A Clegg, *In credit? Assessing where Universal Credit's long roll-out has left the benefit system and the country*, Resolution Foundation, April 2024, <https://doi.org/10.63492/ejn7873>.

getting used to jumping through the sorts of hoops that Britain's unemployed got used to long ago.

Back to the bigger picture

In sum, changes to social security have posed huge difficulties for living standards in millions of homes across Unsung Britain. This is most obviously because of the cumulative squeezes, freezes and outright cuts to entitlements that were – as we have documented – imposed in the long shadow of the financial crisis. Increasingly demanding conditions to get some benefit payments mean the experience of claiming benefits is very different to decades past, although this may well have contributed to some of the positive employment trends discussed earlier. However, on health and disability, despite eligibility tests that claimants often find gruelling, rising caseloads have meant that in aggregate we are left with a working-age social security system in which entitlements have been cut back without, in the end, substantial savings being made.

But the negatives on social security must be balanced against the mostly good news we reported on the labour market in the previous chapter. The next chapter turns to the most obvious unavoidable calls on families, notably housing and taxes, before the one after that draws everything together, and allows us to start to form a clearer picture of living standards in the round.

Chapter Five

Grinding obligations: Taxing realities, home truths

Where living standards are the issue, what matters isn't simply income, but more specifically *disposable* income. To grasp the difference, think back to Liam Collard and his family, whom we met in Chapter 2. His £62,000 salary is close to 30 per cent above the national average.¹ But someone supporting a family, even on well-above average earnings, can still face hardship and have to make sacrifices. Thanks to the circumstances of his household, and especially the heavy burden of private rent that he must cover each month, his family ends up way below the average on the spectrum of living standards. We also met young Bushra Uthman, whose pay at the theatre is just over £24,000, which would be enough for her modest needs – were it not for the £200-plus that she has to find each and every week for her East London flat-share.

If death and taxes are the twin certainties of the human lot, the two great non-negotiables for the budgets of most families in *Unsung Britain* are housing and taxes. Of course, some families can and do move home to curb their outgoings. But for good reasons, spend on housing is not considered an item over which people have immediate control but rather – in the short term at least – as a fixed obligation. Renters wanting to move will typically have a notice period, while the minority of poorer Britons who are homebuyers are more or less bound to stay put until they can arrange a sale and jump through the costly and time-consuming hoops involved. And for renters and buyers alike, all sorts of considerations – schools, childcare arrangements, the need to look after relatives, commutes – can be major, or even insurmountable, barriers to moving house.

All of this points to gauging living standards not only by income after taxes, but after deducting housing costs as well, which is the chief approach that we adopt in this book. This does not always darken the picture. There are some – and indeed, in the ageing ranks of *Unsung Britain*, a growing number – at the stage of life where they have paid their mortgage off and so have few housing costs. Think back to the Hugheses whom we met in Chapter 2: nowadays owning outright, the couple ranks as higher up the after housing costs scale than it would do on the income spectrum before housing costs are factored in. Others may have not much, or even nothing, to

1 RF analysis of ONS, Annual Survey of Hours and Earnings, provisional data for 2025.

worry about in terms of rent or mortgage because it is chiefly a problem for someone else in the household. Some young adults who stay at home with their parents, for example, will contribute way below commercial rent if they chip in at all, although of course they may pay a different sort of price, in independence and privacy.

No matter whether housing costs are low or high, however, the first big point to register is that they can be just as important as earnings or benefits in determining an individual's disposable income. It follows that we must grapple with evolving patterns of tenure, and of who lives with whom, as we seek to make sense of what has happened to living standards across *Unsung Britain* over the last generation. But before we delve into rents and mortgages, we need to consider taxes – many of which are taken from income before it is even received. Barring any knock-on effects to public services, a pound less in tax due does just as much for living standards as a pound in extra pay. So the evolving incidence of tax across the population is yet another crunch factor in making sense of the shifting fortunes of *Unsung Britain*.

Loading up the broadest shoulders?

While there will always be fierce debates about precisely who should pay and how much, the tax system does in general operate in accordance with the idea that taxes should reflect an ability to pay and that the better off should pay a higher overall share. We focus in this chapter on direct taxes on household income, although living standards are also affected by indirect taxes on consumption such as VAT.² Over the last generation, while *Unsung Britain* has consistently paid less than a quarter of its income in such direct taxes, its counterparts in the top half have consistently paid more than a quarter. The average gap in the direct tax burdens between the two groups over the period is 9 percentage points.

Tax is, inescapably, another squeeze on *Unsung Britain*, but the generally progressive lean of the system means its weight is a lot less than it could be. This has been a

² We discuss the ways that incomes are adjusted for prices, and the inadequacy of that adjustment in recent times, in Chapter 7. Direct taxes on companies, such as Corporation Tax, can also indirectly affect the incomes of families via their earnings, the returns they receive on investments or the prices they pay, but there is no simple or non-controversial way to assign the balance of such effects.

perennial truth over the last generation, and indeed longer than that.³ The chart below drills into more detail about how the burden is shared, recording tax payments across the income spectrum in one recent year. Four things jump out. First, the totality of direct taxes is progressive. Second, the variation between the very top and the bottom is huge, even on average: around 12 per cent of what the poorest families have coming in goes out in Income Tax, National Insurance and Council Tax; for the very richest that figure is 31 per cent, more than three times higher. Third, the progressive work of the system is to some extent done by National Insurance, but much more particularly by Income Tax, a levy that the very richest pay more than five times more of than the poorest. Finally, and in sharp contrast to the general pattern, Council Tax is strongly regressive – absorbing only about 1 per cent of income at the very top, against nearly 5 per cent at the very bottom.

Have more, pay more: The progressive slant of the main direct taxes on families

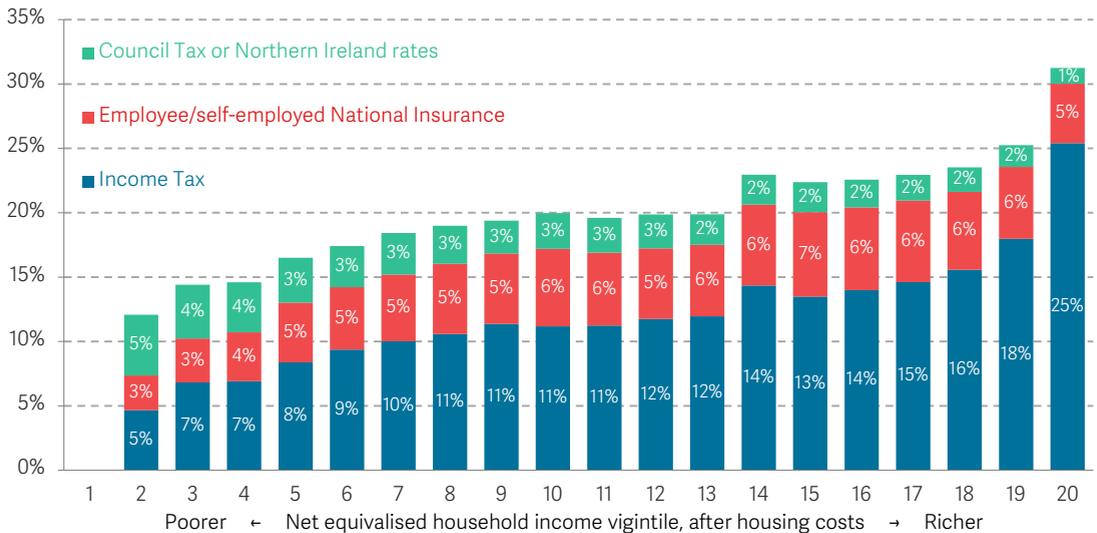


Figure 5.1: Various taxes as a proportion of gross household income for non-pensioner households, by whole-population income vigintile, after housing costs: UK, 2023-24

Notes: Council Tax data is after discounts and support schemes. Data excludes households with a retired member. The bottom vigintile is excluded due to concerns about the reliability of the data. Source: ONS, Effect of Tax and Benefits on Household Income.

3 L Try, Money, money, money: The shifting mix of income sources for poorer households over the last 30 years, Resolution Foundation, February 2025, <https://doi.org/10.63492/p3505p>.

The direction of the contrast between Income Tax and Council Tax is no surprise. Both the tax-free allowance and higher top rates make Income Tax inherently progressive, whereas – at least before rebates – Council Tax bills take no account of income. Still, as the one direct tax that bites more deeply into smaller family budgets, it is worth giving Council Tax a closer look. It turns out not just to be a big issue for poorer families, but a rapidly growing one.

Council Tax and the spectre of the Poll Tax

To make sense of recent developments in Council Tax, it is worth going back to just before the start of our period to the late 1980s. The old Domestic Rates, a proportional tax on property, were unpopular with owners of valuable homes. The Thatcher Government disapproved of the way that some city councils were increasing these rates before handing a large part of the bill back to Whitehall through a Rate Rebate scheme, which refunded bills for poor families. It thus moved to introduce a flat-rate Community Charge, soon known as the ‘Poll Tax’. This slashed bills for small families in big homes while increasing them for many others. It also ensured that all local voters would be ‘accountable’ for extra spending by their town hall, by capping the rebate for the workless, and making sure that everybody had to pay something. But the principle that – in the terms of the day – the “duke will pay the same as the dustman” was widely felt to be unfair. Amid the rising inequality of the time, it provoked a furious backlash: the tax’s unpopularity sparked rebellion on the streets and chaos at Westminster, where it helped to precipitate the downfall of the Prime Minister.⁴ But what mattered most to the public finances was widespread non-payment, which dry economists described as “fiscal anarchy in the UK”.⁵ The real root of this part of the problem was the failure to provide a comprehensive rebate to the poorest, leaving councils chasing many for payments that they couldn’t afford to make.

Council Tax was, essentially, designed to make local government finance boring again. It sought to retain some of the Poll Tax’s protection for those in pricier

4 D Butler, A Adonis & T Travers, *Failure in British Government: The Politics of the Poll Tax*, Oxford University Press, 1994.

5 T Besley, I Preston & M Ridge, *Fiscal anarchy in the UK: Modelling poll tax noncompliance*, *Journal of Public Economics* 64(2), May 1997, [https://doi.org/10.1016/S0047-2727\(96\)01625-8](https://doi.org/10.1016/S0047-2727(96)01625-8).

homes, by basing bills not on absolute values but property ‘bands’, with the average tax rate declining as house values increased and capped at the very top end. There were also special protections for under-occupiers – the ubiquitous stereotype was an ageing widow left in a large family home – via a single-person discount. But for everyone else, the sting was also drawn in two ways: by reducing the overall take from local tax bills (which was substituted for bigger central government grants, initially funded by increased VAT); and, just as importantly, by properly rebating bills for the poorest through Council Tax Benefit, which offered 100 per cent relief of the actual bill to the very poorest, tapered away at 20p in the pound as incomes rose.

By and large, it worked. By the time our period was underway in the mid-1990s, local taxation was no longer seen as either a burning political issue, or as a particularly big social problem, whether in *Unsung Britain* or anywhere else. But over the last generation, those two crucial fixes that had given Council Tax a tranquil start in life have successively come unstuck.

First, Council Tax rose sharply during the 2000s with the average bill in England rising by 38 per cent in real terms over the decade.⁶ During the 2010s, by contrast, the Coalition Government required councils that wanted to raise bills by more than a low percentage to fight a local referendum. Local politicians deemed these so hard to win that only one has been held,⁷ and average bills fell by 4 per cent in real terms over the 2010s.⁸

Unfortunately for the finances of *Unsung Britain* however, and at much the same time, the second soothing fix that had been introduced alongside Council Tax was removed. In 2013, nationwide Council Tax Benefit was abolished, and replaced with a variable patchwork of discretionary local schemes across England, an explicitly cost-cutting transfer of responsibility for which only limited central government funding was ever provided. In most English councils, even the very poorest residents soon found themselves having to pay a proportion of

6 RF analysis of MHCLG, Average Council Tax per dwelling 1993 onwards; ONS, Consumer price inflation tables.

7 M Sandford, [Council tax: local referendums](#), House of Commons Library, February 2025.

8 RF analysis of MHCLG, Average Council Tax per dwelling 1993 onwards; ONS, Consumer price inflation tables.

Council Tax (Scotland and Wales have different systems, which still award 100 per cent discounts). And for low-waged workers on incomes just above the means-tested minimum, who would previously have got partial relief, provision became even patchier.⁹

In sum, just as headline bills began to stabilise for most of the country, the 'net' bills that had to be paid began to surge at the bottom end. The chart below illustrates both the rise in the general Council Tax burden over the 2000s, and then the much more concentrated hike in net bills at the bottom end after the benefit scheme was dismantled in the 2010s. While bills always weighed less heavily at the top end, we can see that in the early 2000s, Council Tax (net of the means-tested rebates) was broadly proportional across most of the range, representing 2-3 per cent of income for the bottom three-quarters of the working-age population. By the start of the 2020s, however, it was not only notably higher after those 2000s rises, but also starkly regressive, rising to well over 4 per cent of income for families at the bottom end.

9 In England, paying some Council Tax is now normal even for people on the lowest incomes: standard non-protected claimants now have to pay some Council Tax in 70 per cent of local authorities. See: A Clegg, *The localisation era: Assessing the post-2013 rise of localised social security*, Resolution Foundation, November 2025, <https://doi.org/10.63492/ndxb35>. In Scotland and Wales, Council Tax Rebate is more generous and is run by the devolved governments, not local authorities. Northern Ireland does not have Council Tax.

Local difficulties: Council Tax liabilities have surged, especially for poorer families

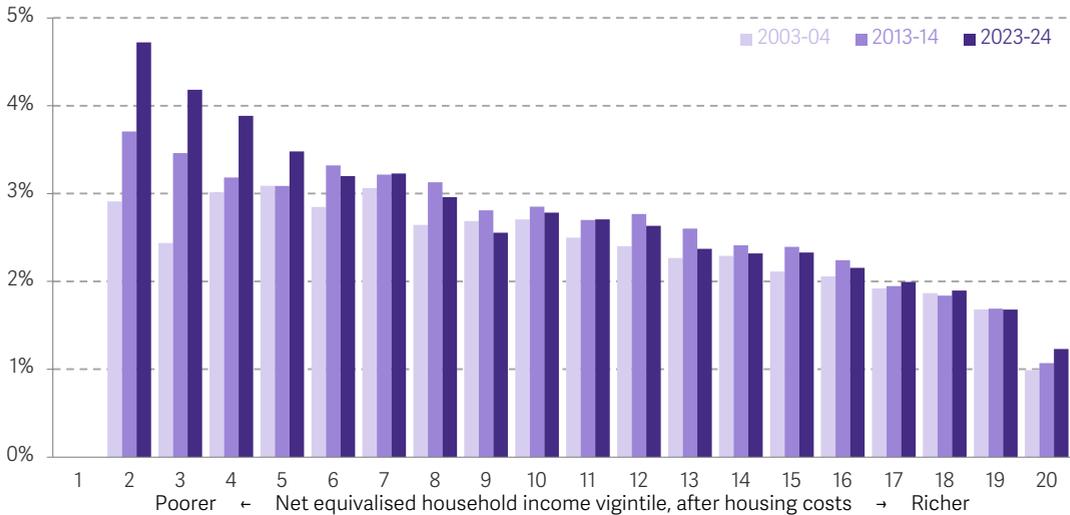


Figure 5.2: Council Tax or Northern Ireland rates as a proportion of gross household income for non-pensioner households, by whole-population income vigintile, after housing costs: UK

Notes: Council Tax data is after discounts and support schemes. Data excludes households with a retired member. The bottom vigintile is excluded due to concerns about the reliability of the data. Source: ONS, Effect of Tax and Benefits on Household Income.

Unfortunately for *Unsung Britain*, this is one problem that looks set to get worse. The increasingly bizarre nature of the tax base, which continues to rest on 1991 property valuations, is much remarked on.¹⁰ The surcharge on bills unveiled at the 2025 Budget – widely described as a ‘mansion tax’ – reasonably aims to raise some revenue from very high-value homes. The bigger problem for family incomes, however, is the continuing unwinding of those two 1990s easements that initially allowed for Council Tax to bed in. Restraining average bills is going to be exceedingly difficult. Local government finances are desperately strained, caught between an ongoing squeeze on grants from a cash-strapped centre, and rising obligations to social care and special educational needs. Something had to give by 2025, when the established presumption against rises of over 5 per cent in Council Tax bills was retired for various communities. The Government nodded through markedly bigger hikes in various

¹⁰ See, for example: M Broome, A Corlett & G Thwaites, *Tax planning: how to match higher taxes with better taxes*, Resolution Foundation, June 2023.

authorities, from Windsor and Maidenhead in the South to Bradford in the North. It would be rash to bet against many more inflation-busting rises.¹¹

Then there is the fraying of the rebate system. Like many of the other problems that we have described, rising Council Tax liabilities are falling harder on poor working-age Britain than the pensioner population. For the elderly, all local authorities use a system based on the old Council Tax Benefit, which means a full rebate on the bill for the poorest pensioners, gradually tapered for those with slightly higher incomes. In England, however, town halls have sweeping discretion over the treatment of other groups. The map shows how huge numbers of authorities now demand a minimum payment, recreating the Poll Tax problem of poor people being chased for money that is substantial to them, but marginal in terms of the public finances. Meanwhile, in some other places, the minimum contributions are higher – as much as 50 per cent.¹² After years of squeezed benefits and with bills markedly higher than they were in the 1990s, this could be very hard to pay.

For cash-strapped households, local differences can be very important. A family in a Band D home living on basic benefits in Doncaster, for example, would currently enjoy a full reduction – with its full bill cancelled; by contrast, another such family living in neighbouring North Lincolnshire would be on the hook for nearly £1,400.¹³ As it happens, of the four households we met in Chapter 2, the two most likely to be eligible for a reduction on Council Tax, Rhiannon Davies and the Hugheses, both live in places where the poorest can potentially be discounted in full. In Rhiannon's case, this is a reflection of a Wales-wide policy. But given their earnings, neither of these families would be likely to qualify for a full reduction and, given the information available to them, may well struggle to establish exactly what they are entitled to. And in the current financial environment, the threat of further restrictions on the Council Tax relief available to them and many others must be a risk.

Rising Council Tax payments at the bottom of the scale have not yet reached the top of the political agenda, but there are growing signs of social strain: for example,

11 MHCLG, Council Tax levels set by local authorities in England 2025 to 2026 (revised).

12 A Clegg, The localisation era: Assessing the post-2013 rise of localised social security, Resolution Foundation, November 2025, <https://doi.org/10.63492/ndxb35>.

13 A Clegg, The localisation era: Assessing the post-2013 rise of localised social security, Resolution Foundation, November 2025, <https://doi.org/10.63492/ndxb35>.

as we shall see in Chapter 8, Council Tax arrears have already risen by almost a half since the pandemic,¹⁴ and Citizens Advice have noticed an increasing weight of arrears cases in their caseload mix.¹⁵ If bills rise while the reduction schemes becomes increasingly threadbare, the issue could easily blow up. The burden on the poorest families is almost certainly already closer to that faced under the Community Charge than to the lighter load of local tax in the late 1990s.¹⁶ And the spectre of the Poll Tax should be enough to spook anyone out of complacency.

Random rebates: Working-age Council Tax Reduction now varies wildly across Great Britain

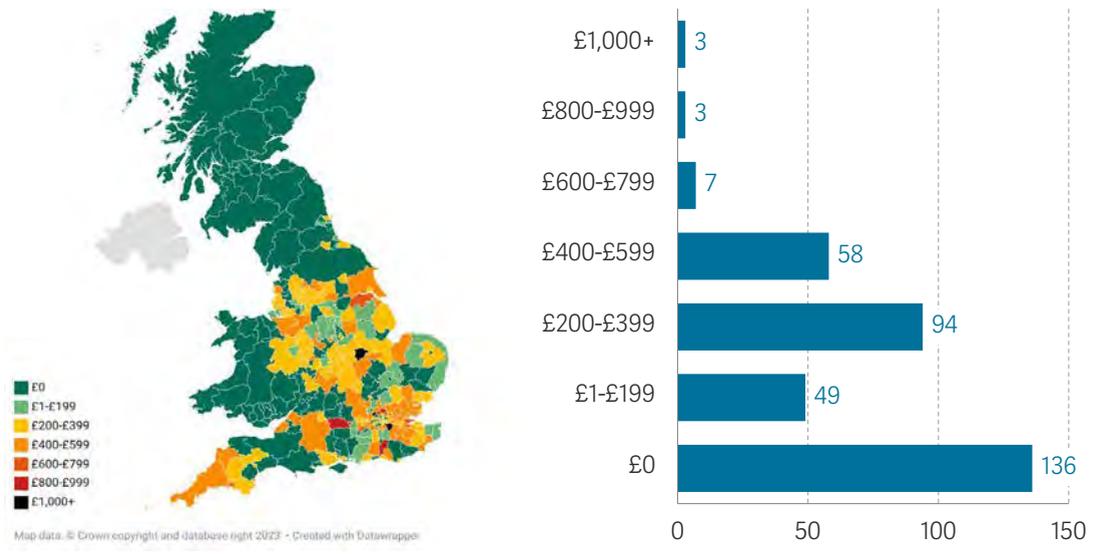


Figure 5.3: Annual Council Tax left to pay if a family receives the maximum amount of Council Tax Reduction and has an average per dwelling Council Tax Liability, by local authority (left panel), and number of local authorities where the Council Tax left to pay falls into each band (right panel): GB, 2025-26

Notes: Scotland and Wales are included, although schemes are set nationally. Orkney and Shetland Islands have been omitted but have the same CTR as the rest of Scotland.

Source: RF analysis of Policy in Practice data; MHCLG, live tables on Council Tax.

14 F Odamtten & S Pittaway, Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families, Resolution Foundation, September 2025, <https://doi.org/10.63492/xsa802>.

15 RF analysis of Citizens Advice, Our Debt Data.

16 Contemporary estimates of notional net Poll Tax liabilities for the bottom income decile were only around 2 per cent of disposable income, although the real tax burden was somewhat higher, because not everyone who could have claimed a rebate actually did so. See: C Giles & M Ridge, *Right this time? An analysis of the first year's council tax figures* *Right This Time? An Analysis of the First Year's Council Tax Figures*, Institute for Fiscal Studies, April 1993.

A mixed picture on housing – that leaves some more exposed

The story of the evolution of Council Tax is stark: higher bills with less relief. The second and weightier fixed obligation on family budgets, housing, is an even twistier tale. Compared to Council Tax, the cost of housing can be orders of magnitude higher. In 2024-25 the average Council Tax for a Band D property in England was £180 a month, while the average private rent was more than seven times higher, at £1,300 a month.¹⁷ But then there are those who have paid off their mortgage, whose housing costs are negligible.

The change in what people pay for their home is profoundly important to our story. On the one hand, there has been an extraordinary shift towards the costly private rental sector, but at the same time many others in Unsung Britain are paying less than they might have done previously to keep a roof over their heads. These include homebuyers who generally face lower mortgage repayments than in the past; outright owners who – due to ageing – are more numerous than they were in the past; and young adults who might have moved out in times gone by but nowadays live at home.

This last group underlines that questions of who lives in a property, what housing costs arise, and how these costs are shared are not separate but inextricably linked. So an essential preliminary to making sense of housing costs is to get a handle on household structure. As the next chart shows, in Unsung Britain the number of people per home has been falling on average, in contrast to the better off. Smaller homes chiefly reflect the fact that a smaller share of families within Unsung Britain contain children than they did in the past, which we explore more in Chapter 11. At the same time, however, the number of financially distinct ‘family units’ (including single adults) per household in Unsung Britain has increased. This trend is more pronounced among the poorer. It is due to various factors, most importantly bigger flat-shares and more adults living with parents.

¹⁷ RF analysis of MHCLG, Council Tax levels set by local authorities in England 2024 to 2025 (revised); ONS, Price Index of Private Rents.

Smaller but more complex: Evolving household forms in Unsung Britain

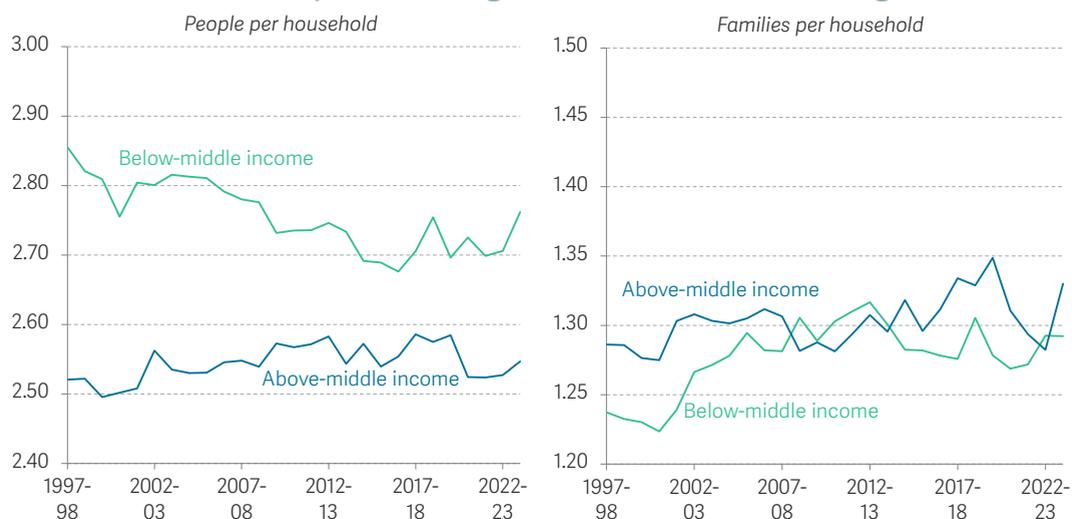


Figure 5.4: Average number of people per household (left panel) and families per household (right panel), for non-pensioner households below and above median income: GB/UK

Notes: GB before 2002-03.

Source: RF analysis of DWP, Households Below Average Income.

Within this picture of smaller but more complex homes, we can begin to grapple with the full variety of shifts in the tenure mix. Significantly more poorer families are, for sure, now exposed to paying market rents: single-family households renting privately have surged, almost doubling on the next chart, from 11 per cent of Unsung Britain in 1994-95 to 21 per cent in 2023-24. At the same time, again as expected, poorer homebuyers with mortgages have become rarer, plunging from 30 to 17 per cent. So, too, have subsidised social rentals, which have become scarcer as the sell-off of council homes has continued over the last generation.¹⁸

But the past 30 years have seen marked growth of two groups who enjoy cheap housing. The 'living with parents' designation has expanded from 13 per cent to 15 per cent of Unsung Britain as a whole. This is even more true of people in their 20s, 34 per cent of whom now live with their parents, compared with 20 per cent in the mid-1990s. Meanwhile – and, by contrast, principally among the older

¹⁸ H Cromarty & C Barton, *Social rented housing in England: Past trends and prospects*, House of Commons Library, March 2025.

cohorts – the overall share who ‘own outright’ has risen, from 8 per cent in the mid-1990s to 12 per cent by 2023-24.

Worlds apart: More families in Unsung Britain live in the most and least expensive housing tenures

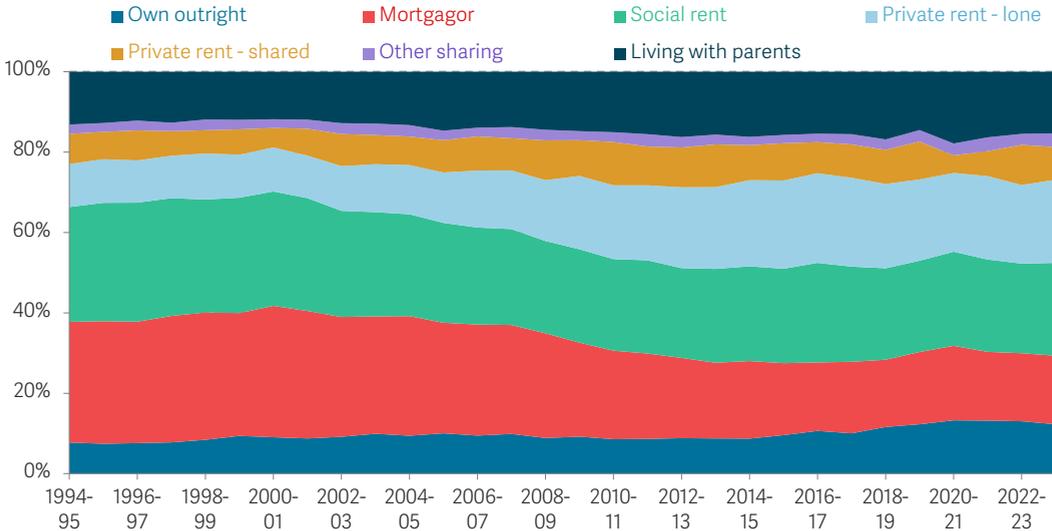


Figure 5.5: Proportion of non-pensioner below-middle income families in different tenure types: GB/UK

Notes: GB before 2002-03. Unlike breakdowns earlier in this book which discussed tenure at a household level, this chart shows tenure at a family level. This allows us to show the tenure of different families within the same household such as adults living in their parents' home or unrelated adults sharing a home.

Source: RF analysis of DWP, Households Below Average Income.

The expansion of those last two groups with lower costs has directly eased the average weight of the housing burden. So, too, has a dramatic fall – at least until recently – in average costs for the diminished ranks of poorer mortgagors. This registered most strongly in the wake of the financial crisis, which precipitated reductions in interest rates to historic lows, from which they have not yet fully returned. Homebuyers' housing costs as a proportion of net income dropped from a high of 32 per cent in 2007-08 to 21 per cent in 2023-24, although subsequent rate rises mean it is unlikely to fall further.¹⁹

¹⁹ RF analysis of DWP, Households Below Average Income. Housing costs include water rates, ground rent/service charges and structural insurance premiums.

What about renters? The cost of social properties in England slightly increased in the early part of our period, but then fell again after George Osborne required social landlords to “play their part in reducing the welfare bill” by ordering a cut in social rents of 1 per cent annually between 2016 and 2019.²⁰ More recently, social rents bounced back a little, with rises of 1 percentage point above the headline inflation being sanctioned; these are set to continue through the 2020s.²¹ Over the generation as a whole, though, the evolving amounts paid by social renters has not shifted as dramatically or consistently as their numbers have shrunk.

Unsung Britain has made rising recourse to private rentals, which has undoubtedly been a huge upward pressure on average housing costs. But the trend in what such renters individually pay has not, at least until very recently, been dramatic. Indeed, putting flat-shares and the like to one side and focusing on single-family private rentals, the average proportion of net income gobbled up by private renters’ housing costs has dropped from 46 per cent in 2000-01 to 43 per cent in 2023-24.²² That is still very high to be sure, but a very welcome fall.

Putting everything together, the average weight of housing costs in the budgets of Unsung Britain’s families have remained much the same over the past 30 years, at around 32 per cent of net income.²³ This might seem extraordinary given the stampede into costly private rentals. But we have seen that a welter of factors that ease housing costs for different segments of Unsung Britain – to do with ageing, the evolving structure of households and plunging interest rates – are offsetting this important effect.

Caveats and conclusions

This reassuring news on average housing costs, however, comes with three heavy caveats. First, the big household surveys that provide the raw data for our analysis

20 HM Treasury, *Summer Budget 2015*, July 2015.

21 HM Treasury, *Spending Review 2025*, June 2025.

22 RF analysis of DWP, Households Below Average Income. Housing costs include water rates, ground rent/service charges and structural insurance premiums.

23 RF analysis of DWP, Households Below Average Income. Housing costs include water rates, ground rent/service charges and structural insurance premiums.

are a couple of years old, and there are recent signs of a rise in housing costs affecting both mortgages and private rents. These trends may have a way to go yet: mortgages are mostly locked in for a few years, and rents are often fixed until a tenant moves or a lease is renewed. But official figures show that private rent inflation across the UK exceeded 9 per cent in early 2024, and while the most recent number has fallen somewhat, it is racing way ahead of overall inflation.²⁴ This has grim potential effects for living standards given the lack of any current provision to adjust renters' benefits in line with this inflation.

Second, this is a story where averages conceal far more than they reveal. Yes, there are now more people like the Hugheses, whose low income has been easier to manage since the mortgage was fully paid off. But at the same time, there are also more people like Liam Collard, who might have bought a home a generation ago, but today works hard and earns well only to see a lot of his pay packet disappear in rent. It is more instructive to summarise the evolution of housing in Unsung Britain as more a story of polarisation than anything else.

Third and finally, as we will emphasise in Chapter 8, living standards are not only about regular incomings and outgoings, but also about a family's accumulated debts and its stocks of assets. The lurch away from homebuying and into private rentals will cast a long shadow, weakening personal balance sheets over the years ahead, as more families hand money over to landlords and fewer repay mortgages and increase their own housing equity. And with homebuying having become less common and started later in life, the burgeoning of 'outright' homeownership among older age groups in Unsung Britain over the last generation is very unlikely to be repeated over the next. Instead of average housing costs being held back by mass property ownership, many more people in future cohorts could be saddled with high rents through to the end of working life, and even into retirement.

So there are lots of critical reasons to interpret the finding that there has been no real rise in the average weight of housing costs in Unsung Britain over the past generation extremely carefully. Nonetheless, the fact that it has not risen

24 ONS, [Private rent and house prices, UK](#), November 2025.

on average redoubles our central challenge of how to account for average disposable incomes have stagnated for so long. We have identified Council Tax as one important factor in explaining this and pointed to very recent trends in rents and mortgage repayments that could soon become important too. The next chapter takes a step back, and starts to tot up everything we have considered so far – earnings and benefits as well as taxes and housing – together.

Chapter Six

Totting up: The shifting income mix underlying the big squeeze

The brute and basic fact animating our inquiry is that the steady rise in living standards that we once took for granted has more or less ground to a halt in recent times. To recap from Chapter 1, typical disposable incomes across the nation have crawled up by a barely discernible 0.5 per cent annually over the last couple of decades, while the very lowest incomes are now outright lower than they were way back in 2004-05.

Having written in some detail about each of the main contributors to family incomes in the bottom half – earnings, benefits and deductions such as taxes and rent – this chapter puts the big picture back together again. We start by reviewing how the different components of income have changed. We then turn our minds to breaking down the contribution of each income component to broader living standards trends.

All in the mix

In the last few chapters we have established that: Unsung Britain is working more than in the past; that the benefits it receives rose for a long time, then fell sharply and; that housing costs vary wildly and increasingly between families. All of this – and much else, including taxes, evolving pay inequalities and the evolving demography of our target group – will reset the balance of forces that settle living standards.

If we are to account for the real story set out in Chapter 1 – of living standards that used to rise but have since become pretty-well stuck – we need to examine this shifting disposable income mix. The next pair of charts depicts this: for our below-middle income group on the left, and for their more affluent counterparts on the right. The positive components of income stack up above zero, while the deductions hang down below it as negative components.

The first thing that jumps out from the chart are certain perpetual differences between the poorer and richer half of working-age Britain. The better-off have continually received the overwhelming share of their income – 85 per cent or more – from employment, with the only other visibly material slice coming from investments. In a stark, if unsurprising, contrast, benefits are consistently critical

for Unsung Britain, typically providing a quarter or more of all income. There are big differences regarding the deductions from income, too. Direct taxes weigh much more heavily on the top half, who are consistently levied for a quarter or more of their income. Housing costs, in marked contrast, always weigh much more heavily on the poorer than the better-off half.

On a second glance, though, it is evident that the income mix of the bottom half has been shifting. Over the period as a whole, the employment share has risen from 63 to 70 per cent, whereas the contribution of benefits has fallen in parallel, from 31 per cent in 1994-95 to 23 per cent in 2023-24. This rebalancing reflects many things, including more people in poorer homes earning, as well as the cuts to welfare entitlement we have documented over more recent times. There is no comparably dramatic shift in the mix of what the better-off have coming in.

On the deductions side, the polarisation in housing costs among poorer families, discussed in the previous chapter, has been much more striking than any movement in the average shown here. The trend with direct taxes (including Council Tax) is slightly up. Still, housing continues to weigh almost as heavily across Unsung Britain as all these taxes combined. That is a huge difference with the better-off half of the country, where housing was always much less of a worry, and – we can see from the chart – got somewhat cheaper again during the recent era of low interest rates.

Benefiting less: The evolving income mix of poorer and richer Britain

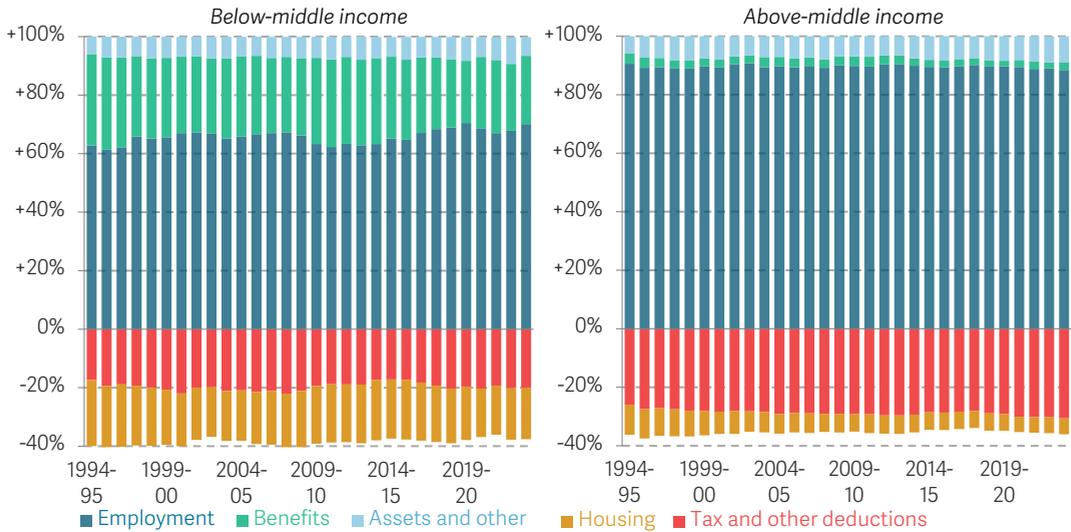


Figure 6.1: Components of disposable income as a share of total gross household income, for non-pensioner households below and above median income: GB/UK

Notes: GB before 2002-03. 'Tax' includes Income Tax, National Insurance, Council Tax and other deductions including contributions to occupational pension schemes, maintenance and child support payments, parental contributions to students living away from home, and student loan repayments. Assets and other includes investment income, occupational pension income, dividends, miscellaneous income, children's income and private benefit income.

Source: RF analysis of DWP, Households Below Average Income.

Sizing up

There is a lot to take in here, but not yet any ready guidance on the relative magnitude of the various forces that have combined to produce stagnation. The next chart therefore condenses the changes in income sources in the bottom half into two periods – a first decade of strong income growth (1994-95 to 2004-05), and then the great deceleration of the subsequent two decades (2004-05 to 2023-24) – and accounts for family size through equivalisation.

Job lot: Changes in earnings dominate income growth – even in stagnant times

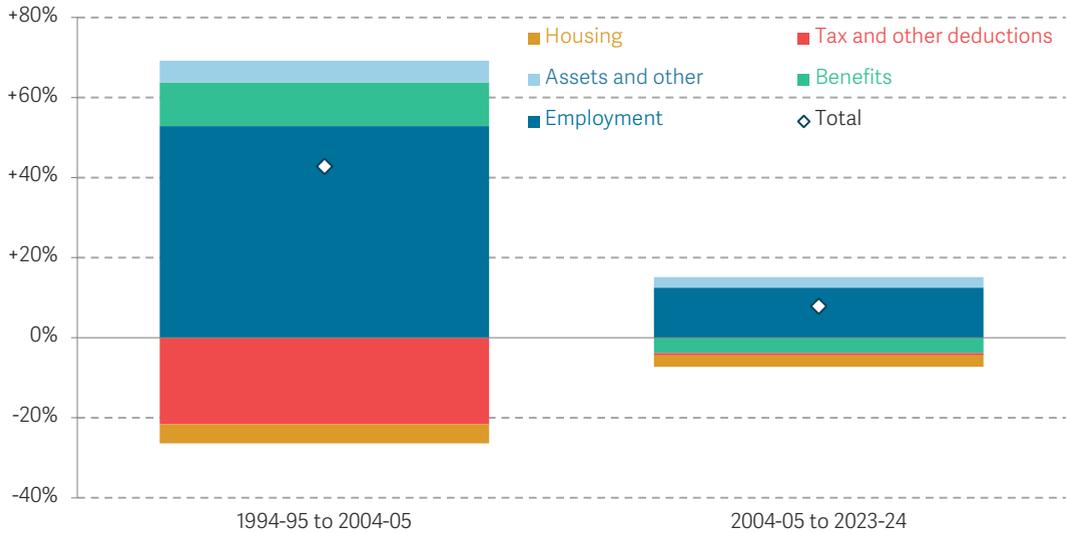


Figure 6.2: Change in various components of income and mean equivalised disposable household income, for non-pensioner households below-median income: GB/UK

Notes: GB before 2002-03. 'Tax' includes Income Tax, National Insurance, Council Tax and other deductions including contributions to occupational pension schemes, maintenance and child support payments, parental contributions to students living away from home, and student loan repayments. Assets and other includes investment income, occupational pension income, dividends, miscellaneous income, children's income, private benefit income and residual income left over as a result of SPI adjustment.

Source: RF analysis of DWP, Households Below Average Income.

The first and most obvious contrast is the collapse in total growth – which is indicated by the white dot. The overall advance is more than five times bigger in the first period (43 per cent) than the second (8 per cent), even though the second period is twice as long.¹ There are other interesting contrasts too. Benefit income – strongly positive for families in the first period – turns negative in the second (this is true even though that second period includes a few years in the later 2000s when many payments for families were still rising: the subsequent cuts overwhelmed this). We can see housing has been a negative force for disposable income in both periods; as we saw in the previous chapter, the larger low-cost 'own outright' and

¹ This figure is very slightly different from the 11 per cent that we used in Chapter 1. The figure in Chapter 1 referred to typical incomes of Unsung Britain, but to do the split between different income sources, we need to look at the average (mean), where growth has been a slightly smaller 8 per cent.

'stay at home' categories in the second period have somewhat neutralised the impact of the larger high-cost private rented category.

The bigger lesson of the chart is something the two periods have in common. No matter whether overall incomes are racing or crawling, it is the evolution of employment income that is by far the most important single force in accounting for the action, explaining *more than all* of the growth seen in both periods. Earnings boosted incomes by 53 per cent in the first period (when the overall growth was 43 per cent) and 13 per cent in the second period (when the total growth was 8 per cent). Particularly in the stagnant second period, during which wages were notoriously sluggish, the dominant role of employment income may come as a surprise: average weekly earnings, after all, grew by only 3 per cent between 2004-05 to 2023-24, far less than the growth in employment income suggested by the chart.² But the forces detailed in Chapter 3 – more people working and a higher minimum wage – explain that differential. Looking specifically at those in the poorer half, average gross earnings increased by £7,700 to £18,000 over the period as a whole – but nearly three-quarters of that increase took place *before* 2005.

Another way of measuring the importance of earnings is to consider the extent to which it can account for the overall slowdown between the periods. The drop-off in the rate of growth between the periods shown is from 43 per cent to 8 per cent, a fall of 35 points. The drop-off in the contribution of employment income to income growth has gone from 53 per cent to 13 per cent of total income, a fall of 40 points. In other words, if you knew about what had happened to earnings and simply assumed nothing else changed, you'd have gauged the scale of the overall slowdown about right.

Earnings may be a much larger share of the income mix for the top half of the income distribution, but what these observations underline is that they play a dominant role in explaining the overall evolution of living standards.

2 ONS, Average Weekly Earnings.

Wages: Wallet half-full, or half-empty?

In light of these findings, earned incomes across the income distribution warrant a closer look – which the next chart offers. Over our period as a whole, which includes that decade of rising prosperity running up to the mid-2000s, we can see that gross earnings have risen markedly overall for richer and poorer workers alike. Look more closely, and you can see that the proportional growth since the 1990s is more marked in the bottom half: increasing employment rates and the more recent rising of the wage floor should be contributing to this.

And yet if we shift the focus from the last 30 years to the last 20, the same chart shows how the upbeat ‘wallet half-full’ account of the last generation yields to a ‘wallet half-empty’ take. The slowing of overall progress between the first decade and the subsequent two is unmissable. Above the very bottom (where jobs growth may be most important) the growth in earnings enjoyed up until 2004-05 simply fizzled out. With rising employment supporting the position at the bottom, we’re left with a classic ‘squeezed middle’ picture. Consider, for example, income vigintiles 7 and 14, where the growth in earnings over the last two decades is, respectively, just £1,200 (or 3.7 per cent) and £1,900 (or 3.0 per cent).

Growing but slowing: Earnings are higher, but not rising like they used to

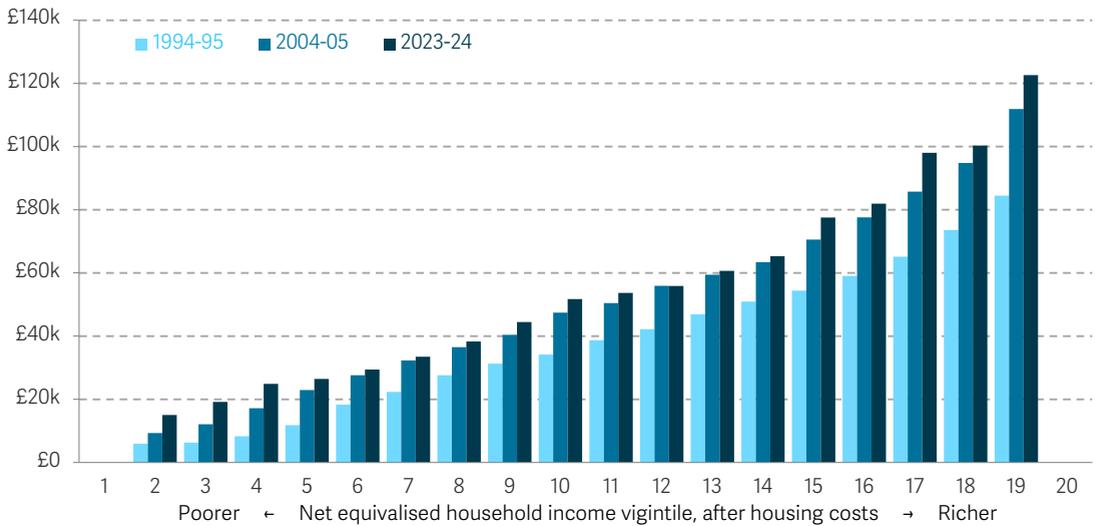


Figure 6.3: Average annual real-terms gross household income from employment among non-pensioner households, by whole-population income quintile: GB/UK

Notes: GB before 2002-03. Data in 2023-24 prices, deflated using CPI. The bottom quintile is excluded due to concerns about the reliability of the data. The top is excluded to avoid squeezing the scale.

Source: RF analysis of DWP, Households Below Average Income.

As we have argued throughout this book, a stagnation problem that goes far and wide can still exert the harshest effects on the bottom half. In the context of earnings, the chief reason for that is simply how low the starting point remains. Even in 2023-24 – after all the jobs growth, and the higher minimum wage – the average gross income from earnings for those in the bottom fifth and below are less than £26,000. This is the total across all earners in a household, and it is a gross figure, so before any taxes are paid – let alone any deduction for rent or adjustment for the children that a family may have to feed.

Widening back out from work

Earnings are extremely important. They have not been growing at a rate that provides prosperity and there have always been families for whom they are inadequate. But within the averages presented here we risk concealing very different and varying circumstances and experiences. By returning to our four

example families we shall see very clearly that while work is critical, the fact of it is nothing like enough to secure comfort.

All four of the households whom we have highlighted in our book have someone working at least part time, just like the large majority of below-middle income British households today.³ A generation ago it would have been contrived, even implausible, not to include a family without work, which was then a much more common way for hard-pressed households to live.⁴ There are some dark clouds in the labour market today, but – at least for the moment – there is still considerably more employment around than there was a generation ago. Even better, the contribution of work in the income mix has risen most for precisely the groups for whom it was often previously lowest, including lone parents, Londoners and people from Black, Pakistani and Bangladeshi ethnic groups.⁵ Jobs have spread and reached the parts of Unsung Britain which too often used to miss out.

At the same time, few families back in the 1990s would have brushed up against the harsh edges of the welfare state in quite the same way as Rhiannon Davies did when she had to live for a time paying rent that contemporary social security no longer comes near to covering. Until its planned abolition in April 2026, she confronts the inhumane logic of the two-child limit, which factors her youngest son out of the calculation for her Universal Credit entitlement. Looking ahead, it is heartening to think that this particular problem will soon be removed. But it is also alarming to think that many others in the bottom half will soon be caught on other social security snares which will – absent further reform – continue to get harsher, including an arbitrary household benefit cap and housing allowances that don't keep up with rents. The typical lower-income renter now faces a £104 gap each month between the rent they pay and the support they are entitled to. If the freeze to housing allowances continues as forecast, this gap will reach £180 by the end of

3 Almost three quarters of households in Unsung Britain contain someone in employment. Source: RF analysis of DWP, Households Below Average Income.

4 In the mid-1990s just over 60 per cent of households in Unsung Britain contained someone in employment. Source: RF analysis of DWP, Households Below Average Income.

5 L Try, Money, money, money: The shifting mix of income sources for poorer households over the last 30 years, Resolution Foundation, February 2025, <https://doi.org/10.63492/p3505p>.

the decade.⁶ The big role that social security policy has played in making life harder for poorer households has not necessarily run its course just yet.⁷

The polarising effect of housing is forcing another big shift in relative economic positions. Back in the 1990s, we might have expected someone like Liam Collard to be paying off a mortgage rather than paying rent to a private landlord. Liam's family's living standards are dragged down the distribution because they are among the many for whom costly private rentals are now the only housing option. Earnings are providing more income to some private tenants than they did in the past, but what matters for living standards is whether those extra earnings are enough to make up for the great obligation that renting imposes; too often, the answer is that it doesn't. Conversely, back in the 1990s, there were fewer people in Unsung Britain like the Hugheses, whose relatively low income can stretch further given the minimal housing costs that come with owning a home outright.

While examining the evolving mix of families in the bottom half, we have seen how many things beyond an individual's headline earnings are important for their standard of living. In particular, we have seen just how crucial it is to distinguish between headline earnings and the total gross income accruing to families, once they have pooled their resources and claimed any benefits that are due. It is also important to distinguish between total gross income, and the disposable income that is left after taxes and the costs of housing have been paid, and allowance has been made for the size of a household.

Critical as these adjustments are, they are still not sufficient to reveal the full truth about how different households live. Different families spend their disposable incomes on very different things, the prices of which can vary in different ways over time. The next chapter asks how the fortunes of below-middle income families would change if we took the specific costs that they face into account.

6 The typical lower income renter refers to a household in a two-bedroom property at the median Local Housing Allowance level. See H Aldridge, *Housing Outlook Q4 2025*, Resolution Foundation, October 2025, <https://doi.org/10.63492/vbh1305>.

7 For brief summaries of the progressively impoverishing effects of the lack of automatic indexation of Local Housing Allowance and the household benefit cap, see: Resolution Foundation & Centre for Economic Performance, LSE, *Ending Stagnation: A New Economic Strategy for Britain*, Resolution Foundation, December 2023.

Chapter Seven

The other side of the coin: The evolving price of life's essentials

A shortage of money is not a different problem from the things you want to buy being too expensive: they are two sides of the same (inadequate) coin. There are, however, big differences over time on whether families *feel* the pinch more on the costs or on the income side. When we assembled a mix of squeezed Britons in Warrington and Cardiff in autumn 2025, we found that the main way they framed their economic challenges was in terms of costs. Particular bugbears included sneaky increases or surcharges in regular bills and ‘shrinkflation’ of products, so that shoppers get less for the same price.

While economists tend to think of inadequate incomes and excessive prices as logical equivalents, politicians around the world have begun to wonder if this might be too simple, after incumbents from Kamala Harris and Joe Biden to Rishi Sunak were felled in the wake of the great global inflation spike of 2022-2023. So we canvassed the opinion of those we were talking to as voters – as to whether the top priority for a government seeking to raise living standards should be curbing costs, boosting incomes, or offering stronger public services. In both the Cardiff and Warrington discussions, costs came out emphatically on top.

Why might this be so? Most obviously, the significant burst of inflation in the very recent past has increased the salience of prices. But as this chapter will show, *Unsung Britain’s* sharp sense of a recent ‘costs problem’ is not merely rooted in perception. For there have been very distinct price-driven changes in the financial realities of many poorer Britons, changes not fully shared with the rest of the country. Even if a shortage of money and excessive prices are logically equivalent in general, for an individual family the prices that matter will depend on exactly what things they buy. Moreover, the degree of pain that higher prices on their existing purchases causes will depend on what scope they do – or don’t – have to buy different things instead. Unfortunately, recent price rises have, it turns out, been concentrated on the costs of heating and eating, the twin essentials of life whose costs are hard to avoid.

Before we get to the last few years, though, it is worth a brief review of what happened to prices over our period as a whole. Throughout most of it – quite remarkably from the point of view of the mid-2020s – there was a complacent assumption that the old ghost of inflation had been laid to rest.

NICE illusions

When prices are rising rapidly, or at unstable speeds, money-based metrics lose their meaning. Back in the distant inflationary days of the 1970s, annual adjustments for tax allowances became automatic. It became standard practice to adjust income statistics in line with summary price indices and present them in the prices of a given year – or ‘in real terms’. That is the approach applied to the great bulk of figures reported in this book.

It is always important to make such adjustments over long spells but, by the mid-1990s, year-by-year adjustments of policies and statistics became less of a pressing issue than they had been over the generation before. Just before the start of our period, beginning from October 1992, monetary policy began to be rebuilt around inflation targets that were – on average – remarkably close to being hit.¹ By the eve of the financial crisis in 2007, a NICE order had been declared: it was said that we were in a period of ‘Non-Inflationary Continuous Expansion’.² The expansion bit was soon snuffed out by the banking crisis, but hopes that inflation was beaten persisted. In the 2010s, the politicians of the day judged that the substitution of caps and freezes for the previously automatic indexation of benefits – as described in Chapter 4 – could be a relatively quiet way to make savings from the social security budget.

In the early 2020s, however – as post-pandemic spending habits bounced back more rapidly than reawakening supply chains could cope with, and the Russian invasion of Ukraine played havoc with international energy markets – the old ghost returned with a vengeance. The annual rise in the headline Consumer Prices Index (CPI) hit double digits – peaking at 11.1 per cent in October 2022, the highest since October 1981. Although overall inflation has since come most of the way down from this spike, the prices of some of the basics that matter most

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- 1 The exact percentage target and the particular price index used evolved over time, but in a lecture arguing the regime had “proved its worth” over its first 20 years in 2012, the then-Governor of the Bank of England noted that “annual consumer price inflation in this country has averaged 2.1 percent, remarkably close to the 2 percent target.” See M King, [Twenty years of inflation targeting](#), Bank of England, October 2012.
 - 2 While the acronym NICE captured the complacent mood of the era, the man who coined it, Mervyn King, was careful to caution that it was “unlikely” that the next 10 years would be quite so “nice” as the last. M King, [Speech to the East Midlands Development Agency/Bank of England Dinner, Leicester](#), Bank of England, October 2003.

to Unsung Britain remain far higher than they were, and in ways that continue to hurt.

Essential problem

It's hardly news that different prices rise at different rates. Today a single piece of battered cod in a northern chippy costs about £6, the same as a basic Casio calculator. Fifty years ago, by contrast, you could have kept yourself in fried fish for a long time for the price of one similar device. Changing relative prices are only to be expected, they are an important way in which an economy adjusts to reflect technology, abundance and scarcity. Nor do they necessarily make inflation a special problem for poorer families, just so long as the averaging-out of price changes across calculators, cod and everything else affects families fairly across the range.

The point where things could get more difficult for Unsung Britain than our previous chapters have already suggested is if there is a *special* rise in the price of those things that it spends relatively more on. There's no great mystery as to what those things might be. Poorer families have always had to devote relatively more of their resources to life's essentials.

Perhaps the most obvious of these is food. Keeping warm is another big bill that might be more sharply described as the cost of staying alive, rather than the cost of living. This leads us to classify electricity as well as gas as an essential for living in 21st-century Britain: some 2.1 million households in England and Wales are purely reliant on electricity for their central heating.³ And power can be a particular burdensome essential for some cash-strapped people. Trisha Hughes' overall power needs may not be exceptional, but she has a motorised wheelchair to charge, and on a bad day needs to use an energy-intensive stairlift and an electric bed too. Shelter is a third necessity, although not one that we will concern ourselves with in this chapter, because the disposable income measure that we are using throughout this book is calculated after the deduction of housing costs. There is obviously an element of judgment involved in deciding what does or doesn't

3 ONS, [Census 2021: how homes are heated in your area](#), January 2023.

count as 'a necessity'. Along with food and household bills, we have decided to include clothing and footwear, as well as two things that are often required to work: childcare and 'essential' transport.⁴

Let's start by looking at how the prices of some of these essentials have changed over a longer time horizon. Not all the news is bad. Clothing prices, for example, tumbled amid buoyant global trade through the 1990s and into the 2000s. The chart picks the story up from the eve of the financial crisis and reveals that – as of October 2025 – clothes cost only 10 per cent more *in cash terms* than way back in 2007. This is way below cumulative general inflation (the 'all prices' line on the chart). Having got cheaper compared to the average of everything else, the price of clothes can be described as falling by 36 per cent in real terms.

The evolution of food costs was, at least until recently, also relatively benign, broadly tracking headline inflation. Over most of our period, sweeping VAT exemptions and strong supermarket competition (not least on basic brands and goods) consolidated the UK's international position as a relatively cheap place to buy food. Internationally, it remains so in recent data: as of 2023, food and non-alcoholic drink costs were 11 per cent lower than the OECD average. But, as is evident from the chart, the UK's traditional cheap eating has recently got markedly more expensive. In 2022 and 2023, food inflation surged to rates not seen since the 1970s. Although the increases have subsequently eased up, the chart shows that as of 2025, food prices have still risen markedly relative to the general price level since the financial crisis, which is to say the cost of eating is up in real terms. Moreover, in later 2025 food prices began a fresh climb, amid expectations that the pace could pick up further.⁵

The real motor of the cost of living crisis, however, was not food but household bills – particularly energy. Throughout the post-financial crisis period shown on

4 In calculating overall 'essentials' expenditure in this chapter, we include transport spending as general transport (including transport insurance) less outlays on flights and purchases of cars (as distinct from repairing and maintaining existing vehicles). Seeing as such transport costs have not changed dramatically relative to overall inflation we skip over them lightly in this summary book. But there have been important differences between trends in the cost of different modes of transport, which are explored in: S Pittaway & L Try, *The bare necessities: Unpacking the rising cost of essentials for low-to-middle income Britain*, Resolution Foundation, June 2025, <https://doi.org/10.63492/twg315>.

5 RF analysis of ONS, Consumer prices; BoE, Monetary Policy Report – November 2025.

the chart, it is evident that the cost of household energy has risen relative to the general price level at every stage, even before the extraordinary surge in 2022, which squashes the scale for the rest of the graph. By the end of the period shown on the chart, costs are closer to triple than double what they were at the start. And as yet, there is no sign of a sustained drop down in the 'real' level of bills.

Mixed basket: Inflation for different things runs at very different rates

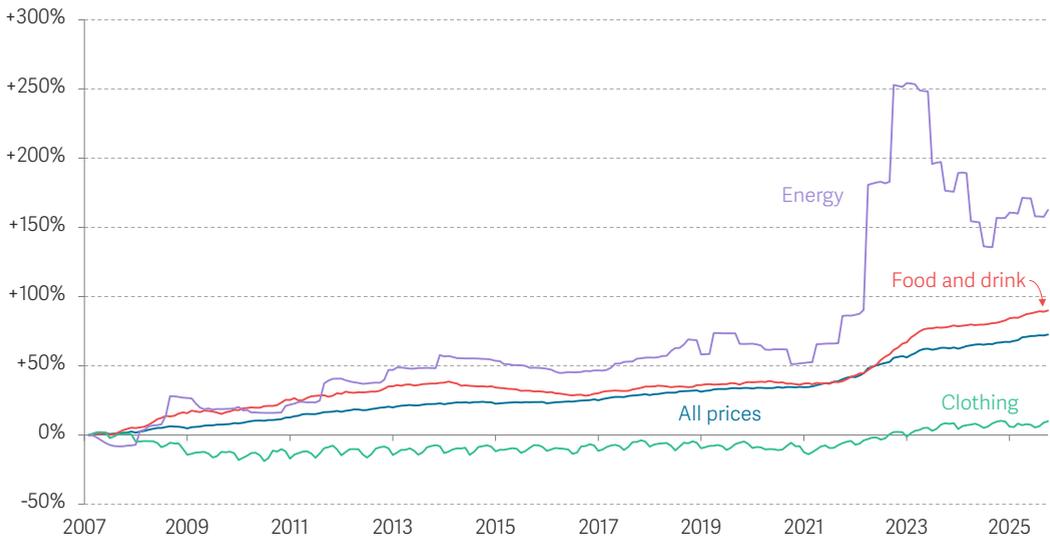


Figure 7.1: Cumulative change in prices since February 2007, by category: UK

Notes: Drink refers to non-alcoholic beverages; clothing includes footwear; energy refers to electricity, gas and other fuels.

Source: RF analysis of ONS, Consumer prices.

Given the overwhelming importance of energy in the recent story on inflation, it is worth separating out gas and electricity, and tracking each of them over an even longer period. The next chart does so, recording how the cost of a given unit of energy from each source has evolved since the late 1970s. On this longer view, signs of a chronic underlying problem are evident well before it flared up into a crisis. Even back in the low-inflation 2000s, when the CPI was crawling up by only around 2 per cent annually, gas prices climbed nearly 130 per cent. Really steep electricity inflation took longer to set in – taking off over the 2010s – but there was no missing it once it arrived. And as the chart shows, UK electricity costs have not merely risen in line with global trends as gas did but soared. British households

have gone from paying ordinary costs by international standards to footing some of the highest bills in the world.

Shocking story: UK electricity prices have raced ahead of the pack

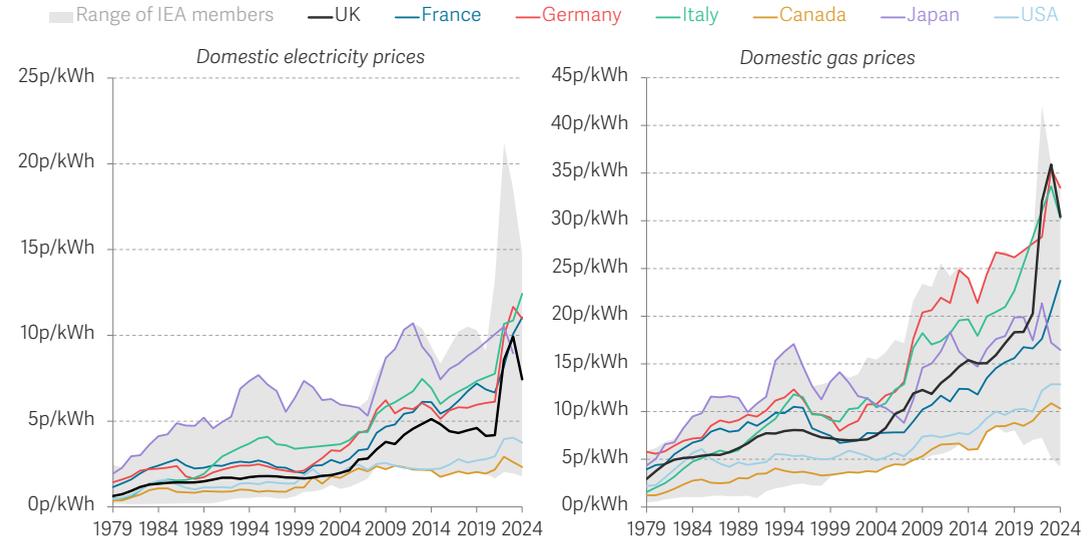


Figure 7.2: Domestic average unit prices for electricity (left panel) and gas (right panel): G7 countries and range of International Energy Agency (IEA) members

Notes: Prices include taxes and are converted to p/kWh at average annual exchange rates. In addition to the G7 countries shown, IEA members include: Austria, Belgium, Denmark, Finland, Greece, Ireland, Luxembourg, Netherlands, Portugal, Spain, Sweden, Australia, Czechia, Hungary, Korea, New Zealand, Norway, Poland, Slovakia, Switzerland and Turkey.

Source: Department for Energy Security and Net Zero, International domestic energy prices.

Rising bills in two nations

To recap, any general price index can do no more than average across all these big shifts in relative costs, both the welcome and the unwelcome. Consequently, all the usual income, poverty and earnings statistics that are calculated on the basis of such general inflation measures will miss the potentially very different effects of those relative price shifts on different parts of the population. Fortunately, we can use the Living Costs and Food Survey to reckon with differences in families' spending patterns and the differential inflation this creates. The next chart starts to do so, by recording the evolving weight of each of our essential spending categories, considering the better- and worse-off half of the country separately.

Totting up across them we can see that – as expected – ‘essentials’ weigh more heavily in smaller budgets. At the end of the period shown, they represent 50 per cent of outlays in Unsung Britain, against just 41 per cent in the top half. While this differential is expected, it is striking how it has widened markedly over time: increasing from a 5 percentage point gap in the early 2000s to 9 percentage points in the 2020s. We can also see confirmation it is the rising weight of food costs and household bills that has driven the upward pressure on the overall essentials burden of Unsung Britain.

The price of being poor: The weight of essentials has risen more for Unsung Britain

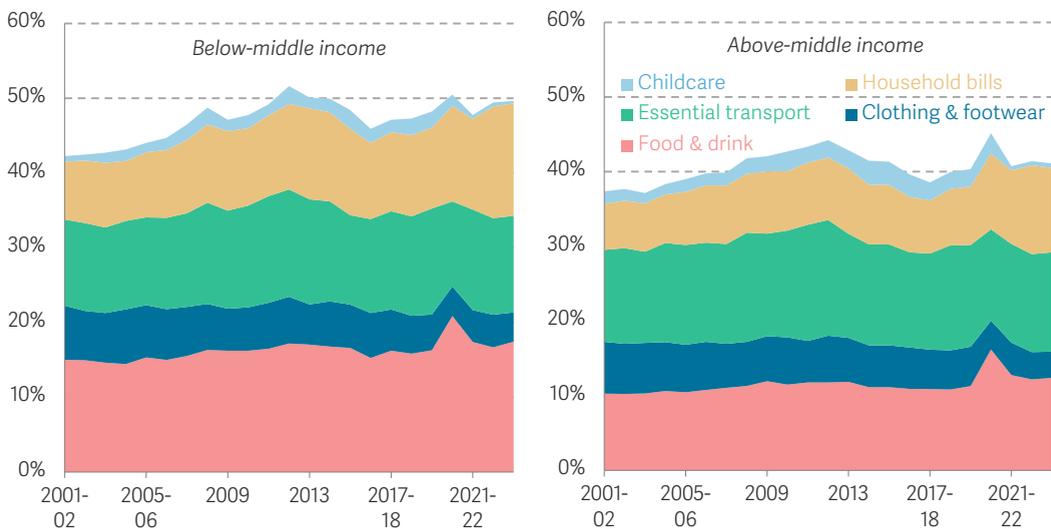


Figure 7.3: Proportion of non-pensioner households' non-housing consumption spent on 'essentials', by income group: UK

Notes: Drink refers to non-alcoholic beverages. Transport includes transport insurance and excludes spending on used cars, new cars and flights. Data refers to financial years between 2001-02 to 2005-06, calendar years from 2006 to 2014 and financial years from 2015-16.

Source: RF analysis of ONS, Living Costs and Food Survey.

The differences turn out to be even more marked when we delve a little deeper, and – like the next chart does – compare developments at the very top and very bottom end. For the top fifth, the essentials burden has barely budged since 2006, when necessities represented 38 per cent of non-housing outlays, a share that remained at just 39 per cent in 2023-24. By contrast, for the bottom fifth, the same

share surged from 46 per cent to 50 per cent in parallel. The chart also shows that for *Unsung Britain* – quintiles 1, 2 and to some extent 3 – the cost of the basics question is a story of two halves, with much of the increased weight of essentials playing out between the financial crisis and the pandemic. By contrast, for the moderately better off (quintile 4) the weight of essentials has also risen, but this is purely a much more recent, post-pandemic phenomenon.

Have less, pay more: The ‘necessities’ budget share has soared at the bottom end

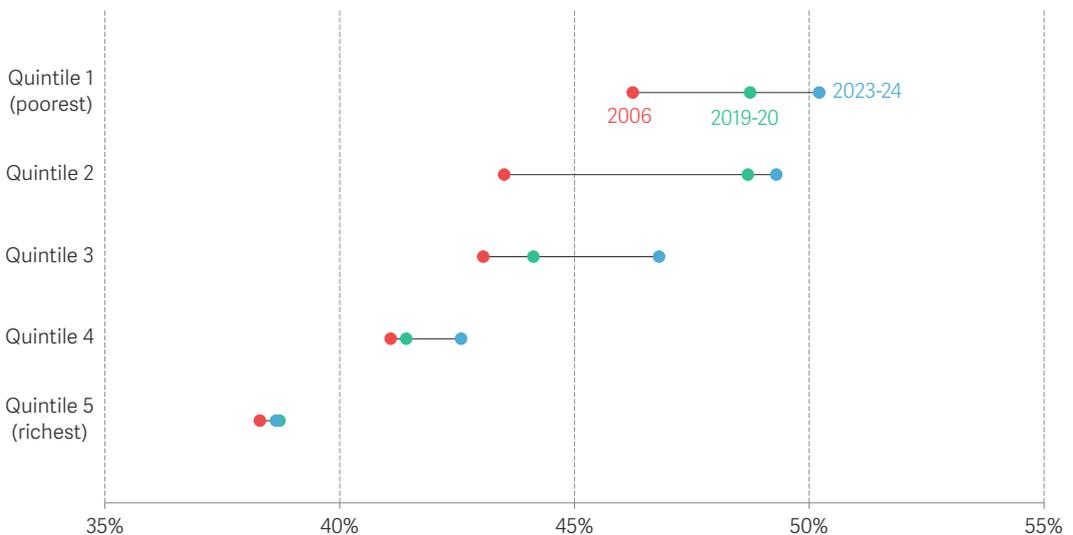


Figure 74: Proportion of non-pensioner households’ non-housing consumption on ‘essentials’, by equivalised after housing costs household income quintile: UK

Notes: Essentials includes food and non-alcoholic beverages, clothing, transport (excluding the purchase of cars and flights, and including motor insurance), household bills, and childcare.

Source: RF analysis of ONS, Living Costs and Food Survey.

There may even be ways in which these income-bracket specific calculations understate the full slant of recent cost of living pressures against poorer and vulnerable groups. There have, for example, been specific pressures on the costs of residential and domiciliary care, which we will return to in Chapter 10. And there has also been a nasty twist on the general food price inflation we have already described and factored into our calculations. In the last few years, *Unsung Britain* has had to contend with ‘cheapflation’, a documented phenomenon across many national economies in which costs of more basic groceries and basic

brands rose faster than other goods.⁶ The difficult and distributionally skewed effects that you might expect from these trends have been confirmed in UK supermarket data.⁷

The hard edges – and efforts to soften them

Hunger and cold are physical manifestations of poverty. Thankfully they are not things that most of Unsung Britain face. However, a significant minority has been exposed to them through the recent inflation surge. Cutting back on the quantity of essentials may be a last resort when prices rise, but it is one that the least fortunate may be required to take.

None of our example families from Chapter 2 are routinely missing meals or going to bed with a shiver, yet Sarah Collard admits she now takes a 'yellow sticker first' approach to the family's food shopping, starting with what's reduced in the supermarket aisles, and only then thinking about what's needed for the meals that she and Liam (who is decently paid) are planning to cook. Woody Hughes has become an expert in tinkering with his radiators to make sure he's never heating more than one room at once. Bushra Uthman picked up a trick from a friend about stretching clingfilm across her bedroom window for makeshift insulation during the winter months. And Rhiannon Davies has spent hours on the phone trying to get her housing association to tackle the draught in her girls' bedroom, a problem that has got more acute since she decided that she and her children needed to learn to live with the thermostat a degree lower than before.

But at least bodies and souls are being kept together, in a way Rhiannon used to fear might not happen during the family crisis that played out between her partner leaving and the family being permanently rehoused. Back then, she would often skip a lunch or a breakfast to ensure that her kids had enough to eat. She was far from alone in this.

6 A Cavallo & O Kryvtsov, Price discounts and cheapflation during the post-pandemic inflation surge, *Journal of Monetary Economics* 148, November 2024, <https://doi.org/10.1016/j.jmoneco.2024.103644>.

7 T Chen, P Levell & M O'Connell, Measuring cost of living inequality during an inflation surge, *Institute for Fiscal Studies*, May 2025, <https://doi.org/10.1920/wp.ifs.2025.2125>.

The consequences of pricier food, and of pricier basic food in particular, have become evident in official poverty data. The proportion of working-age adults in 'very low food security' soared from 3.5 to 6.0 per cent in just two years, after 2021-22, as the proportion of very food-insecure children shot up from 5.2 to 9.4 per cent. The same numbers show a rise of a quarter in the number of working-age adults (from 1.3 million to 1.6 million) and an even steeper relative climb in the number of children (from 810,000 to 1.1 million) whose households have turned to food banks over the past 12 months. Britain's growing network of emergency food relief embodies a charitable impulse to smooth the harshest edges of the cost of living crisis, and yet also reflects the country's failure to feed too many of its citizens in a more regular and dignified manner.

When it comes to energy and heating, by contrast, government policy has been much more proactive. Long before the crisis hit, both regulatory standards, and at one time subsidies, were leading to improvements in the insulation of the UK's housing stock. Technology, in the form of better boilers and appliances, had an important role too, contributing towards an overall 36 per cent fall in average temperature-adjusted energy consumption between 2002 and 2019. What happened next, however, was far too rapid for technology to offer much protection. In just four years, energy costs – which, as we've described, had long been trending up – doubled again. Dramatic and expensive government interventions – including a general Energy Price Guarantee as well as means-tested support schemes, estimated to have cost £37 billion over two years – were offered to relieve the strain when prices were at their height.

But even these unprecedented interventions were not enough to avoid many feeling the bite of the cold. Official poverty data records that the proportion of poorer non-pensioners reporting being unable to keep their accommodation warm enough doubled from 11 to 21 per cent between 2019-20 and 2022-23. The chart shows that this proportion subsequently edged down slightly in the next year. But with bills still at historically high levels it is hard to be confident that this decline will continue.

Cold light: The energy crisis denied many in Unsung Britain warmth

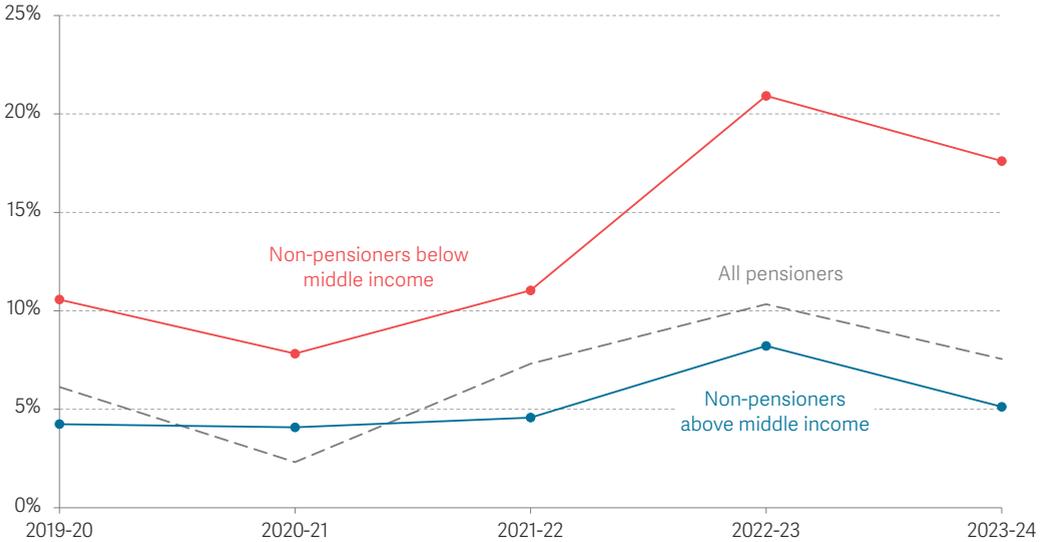


Figure 7.5: Proportion of individuals living in households unable to keep their accommodation warm enough, by group: UK

Source: RF analysis of DWP, Households Below Average Income.

While the focus of this book is on Unsung Britain, and problems concentrated on the lower rungs of the income scale, it is worth registering that there is far more variation in energy use within income brackets than between them.⁸ This will be important to bear in mind when, in our concluding chapter, we turn our minds to designing solutions to the problems that we have exposed.

Made-to-measure inflation rates

Having drilled into cold and hunger, some of the harshest specific consequences of the cost of living crisis, it is time to zoom back out and think about what it means for our big picture on living standards. The rising weight of essentials in poorer families' budgets that we have documented over recent years has – in effect, and for the moment – exposed them to a higher rate of inflation than the wider community. We can calculate the overall rate of effective price increases for each income bracket, taking account of their distinct expenditure patterns. The results are shown in the next chart.

⁸ S Pittaway & L Try, *The Bare Necessities: Unpacking the rising cost of essentials for low-to-middle income Britain*, Resolution Foundation, June 2025, <https://doi.org/10.63492/twg315>.

Although the price of a unit of energy has, as we have stressed, been on an upward trajectory for a long time, there were always many other factors at play, including more efficient energy usage and offsetting savings on other basics like food or clothes. All told, we can now see that before the pandemic, the effect of inflation was broadly uniform across the economic spectrum. Before the last few years, other forces must have been compensating *Unsung Britain* for any special pressure it was facing on the fuel front. All that changed, however, with the cost of living crisis. Suddenly, as the right-hand panel of the chart shows, inflation developed a definite slope – hitting every income bracket harder as we move down the range. No wonder those cash-strapped families we assembled in Cardiff and Warrington named prices, rather than incomes or public services, as their top priority.

Look closely at the scale, and the differential may not look huge: over the near six-year period between December 2019 and September 2025, as first the pandemic and then the cost of living crisis unfolded, non-housing inflation (as measured by the ONS's Household Cost Indices) averaged 5 per cent for the poorest families, 0.7 percentage points higher than that for the richest families. 0.7 percentage points may not sound that much, but this differential has applied on average each year. So, considered in isolation, the cumulative effect has been to drag down the very lowest living standards relative to those at the top by more than 3 per cent. In a situation where incomes across the range were already stagnant, the effect of this 'excess inflation' is inevitably keenly felt, plausibly making the difference for many families between 'merely' stagnant incomes and living standards that are outright sinking.

A new skew: Inflation used to be uniform, but has recently become regressive

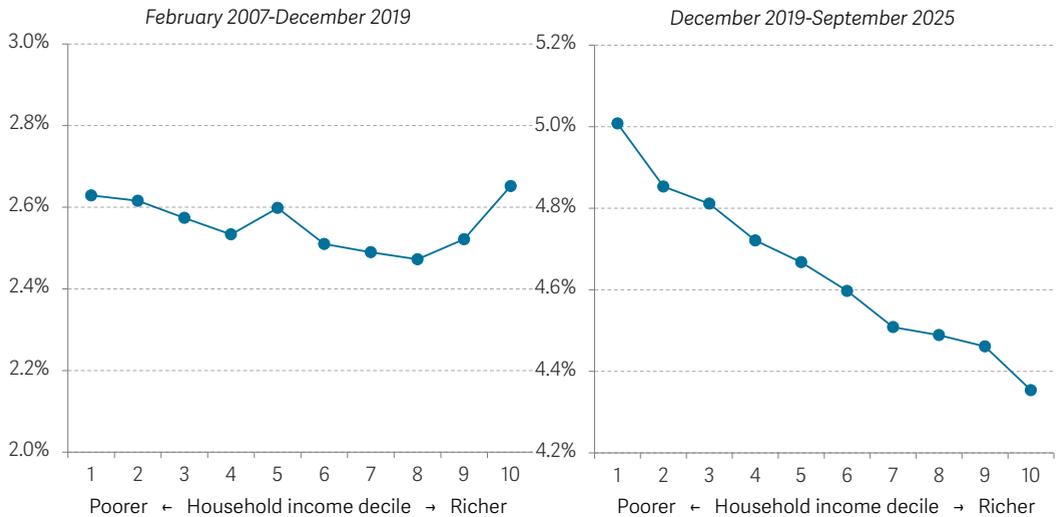


Figure 7.6: Average annual change in ONS Household Cost Index excluding housing costs, by income decile: UK

Notes: From the overall HCI for each income group, we remove private rentals, social and other rentals, mortgage interest payments, Stamp Duty, and 'other' owner occupier housing payments. Source: RF analysis of ONS, Household Cost Indices.

And remember, this differential inflation effect bites in a manner that is missed by the standard poverty and real income figures, including those that we have presented in our previous chapters. It may even be an underestimate. It is based on how much each economic bracket spends on broad headings of expenditure, rather than on the particular products and brands that they purchase. If 'cheapflation' is indeed exerting a special push on the price of the basic products and economy lines that poorer families rely on more, the real slant of inflation could be even more pronounced.

In sum, after factoring in additional detail on the particular prices paid by Unsung Britain, the overall picture of its living standards looks even darker. Living standards, however, are not only about the flow of income that families have, but also the stocks of any assets and indeed debts that they may have. The next chapter explores both these things – including the swelling of one form of debt that is directly related to the recent energy crisis.

Chapter Eight

**The balance sheet:
Savings and debts**

We tend to think about rich and poor in terms of income: indeed, this whole book is framed around the lower half of Britain's income spectrum. But living standards also depend crucially on accrued stocks of wealth and, on the other side of the ledger, debts. Someone with a large amount of savings can take a break from earning and just spend them down for a while. Conversely, someone with large debts to service can be earning quite well and yet be left with a disappointing standard of living once they've handed over all the interest due.

Over and above such direct consequences for material resources, the presence or more especially the absence of funds available to be drawn on exerts huge psychological effects. When savings accounts run dry, or overdrafts hit their limit, day-to-day life can feel like a perilous trek through a minefield, in which a burst radiator or a bust oven could explode your finances at any moment. In an interview with us, one woman summed up her life with few savings: "Even if I'm not thinking about it 24/7, it's in the back of my mind."¹

So for a complete overview of a family's quality of life as well as its financial condition we would need – exactly as is done with companies – to complement our understanding of their ongoing income and outgoings with a "balance sheet" analysis, factoring in the totality of everything they own and everything they owe.

In this chapter, we will mostly adopt a tighter focus than that, concentrating on what funds are – or are not – immediately available to support our central concern: current living standards. But the line between accessible, "liquid" assets and longer-term assets accrued and deployed over the course of adult life is not an absolute one. People might, for example, cash in pensions before payment is due, or release equity from a home that they own. Conversely, there are various ways in which long-term debts – mortgages or student loans, say – can affect immediate living standards. So, at the end of this chapter, we will briefly zoom out and consider the evolving big picture on wealth and debt, a picture dominated by housing and pensions.

But for most of Unsung Britain, when sudden costs arise, or income takes an immediate hit, the first thought is not about the types of investments that play

1 F Odamtten & S Pittaway, Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families, Resolution Foundation, September 2025, <https://doi.org/10.63492/xsa802>.

out over a lifetime. When the world throws a rock on the road of one's finances, the urgent issue is usually about being able to use savings, or ready credit, to steer a path around the problem at hand. So, we start by diving into the detail about how these short-term financial buffers have evolved in Unsung Britain.

Savings: The first line of defence

If savings are the first line of economic defence, an awful lot of working-age Britain – the prosperous as well as the pinched – are just a few paydays away from trouble. Looking across the whole population, around half of all working-age families lack a ready buffer (including whatever is in their current accounts) to cover three months of income; in Unsung Britain, that proportion rises somewhat to 60 per cent.² It is, perhaps, no great surprise that replacing lost income is a huge stretch across the great bulk of the spectrum: even the better-off will often soon struggle if the money stops coming in.

The real differential is seen, however, not in considering the capacity to cope with anything as dramatic as being laid off, but rather in having the wherewithal to deal with the one-off costs that almost inevitably crop up for any household from time to time, such as a car breakdown or a broken boiler. In Unsung Britain, around half of families are sorely exposed to these routine mishaps – lacking even £1,000 in accessible funds. And that includes whatever they hold in current accounts, a balance that inevitably depends, somewhat arbitrarily, on when the information is collected relative to payday. We get a more accurate picture by stripping current accounts out. When we do so, the proportion lacking a £1,000 buffer rises materially and, as the chart shows, with a very steep gradient across the income spectrum, so that around three-quarters of families among the bottom fifth are exposed on this measure. At the very top end by contrast, and with current accounts included, only a very modest proportion (7 per cent) lack the ready funds to deal with a three-figure emergency bill.

² These figures calculated by Resolution Foundation from the 2020-22 Wealth and Assets Survey, and were originally reported in: F Odamtten & S Pittaway, Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families, Resolution Foundation, September 2025, <https://doi.org/10.63492/xsa802>. See in particular: Figure 1.

Smaller incomes, fewer buffers: Poorer families often lack rainy-day funds³

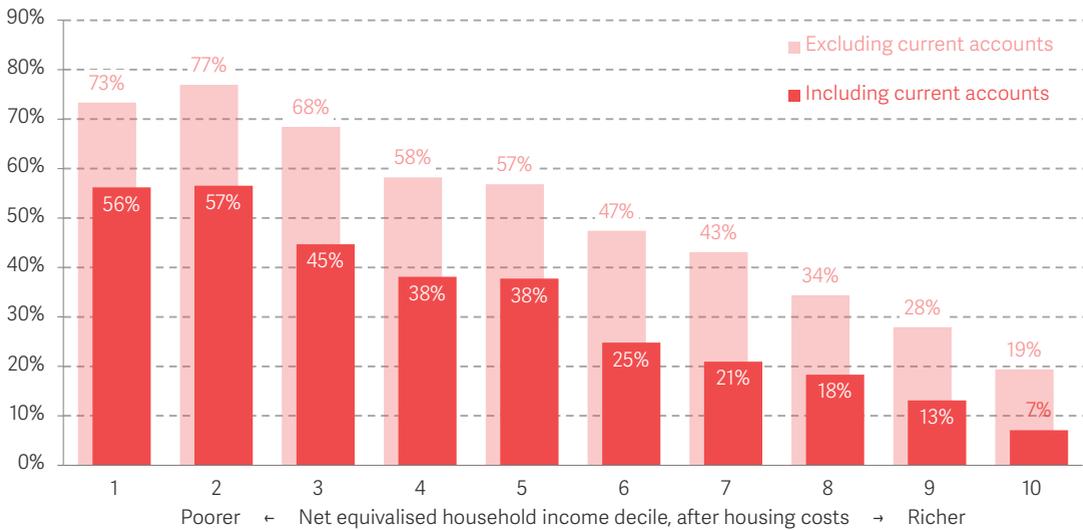


Figure 8.1: Proportion of non-pensioner families with savings of less than £1,000, by income decile and definition of savings: GB, 2020-22

Notes: Non-pensioner families are those where nobody is at or above State Pension age. Savings are aggregated within benefit units and are the combined value of current accounts in credit, savings account, ISAs, National Savings & Investment products, and informal savings (e.g. cash).

Source: RF analysis of ONS, Wealth and Assets Survey.

The fear that ordinary mishaps – the fridge or cooker conking out, say – could lead to debt or disaster casts a pall over the experience of day-to-day life. And indeed, past research has pointed to strong connections between lack of savings and a raft of anxiety markers, including waking up worried in the night, or living an impeded social life.⁴ In summer 2025 we interviewed a selection of 18 hard-pressed individuals across the UK, to discuss the experience of their finances in more detail.⁵ The ability to build up and then maintain savings varies with individual circumstances over time. One participant reflected on this, relaying that at those times when you have “more savings behind you, you feel a little

³ Figure 2, reproduced from: F Odamtten & S Pittaway, *Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families*, Resolution Foundation, September 2025, <https://doi.org/10.63492/xsa802>.

⁴ T Clark & A Wenham, *Anxiety nation? Economic insecurity and mental distress in 2020s Britain*, Joseph Rowntree Foundation, November 2022.

⁵ For details of these interviews see Box 1 in: F Odamtten & S Pittaway, *Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families*, Resolution Foundation, September 2025, <https://doi.org/10.63492/xsa802>.

bit more relaxed". Other words popping up in this context were "well-prepared", "secure" and "happy". Conversely, one participant spoke for many in summing up the experience of living with insufficient savings, describing how it left them worrying more often about "money...and what could go wrong".⁶

While the lack of a financial buffer is certainly a big problem across Unsong Britain, it is not necessarily a problem that has recently been getting worse. The best official data on household savings, the Wealth and Asset Survey, only goes back to the eve of the financial crisis, so we cannot track the freer spending days of the late 1990s and early 2000s in the same way. But over the course of the 2010s, the next chart reveals that trend in Unsong Britain has been for more families to save routinely, and for fewer never to save. And the very latest evidence is that, for all the challenges of Covid-19 and the lockdown, the trend towards more poorer families saving continued across the pandemic.⁷

6 F Odamtten & S Pittaway, Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families, Resolution Foundation, September 2025, <https://doi.org/10.63492/xsa802>.

7 M Broome & R Kanabar, Before the fall: The distribution of household wealth in Britain and the impact on families, Resolution Foundation, October 2025, <https://doi.org/10.63492/pcv793>.

Squirreling away: Over the 2010s poorer families saved increasingly often

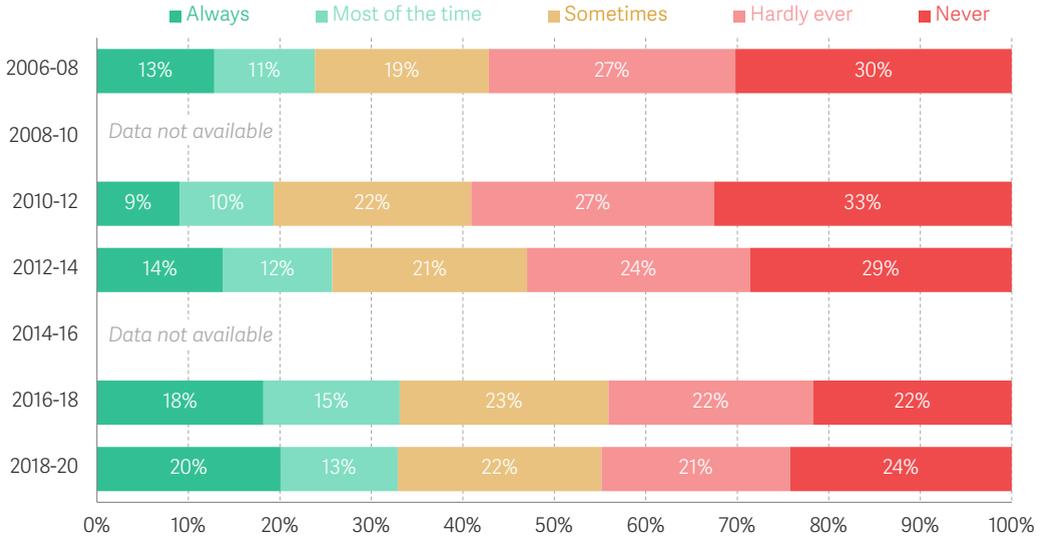


Figure 8.2: Proportion of working-age individuals in below-middle income non-pensioner families stating that they have money left over at the end of the week or month: GB

Notes: Below-middle income non-pensioner families are those where nobody is at or above State Pension age whose households in the bottom half of the before-housing-costs equivalised income distribution. Problems with income data in the 2008-10 and 2014-16 waves of the Wealth and Assets Survey mean we cannot show data for below-middle income households in those waves. Excludes “Don’t know/too hard to say”.

Source: RF analysis of ONS, Wealth and Assets Survey.

And this has paid off: more poorer families now have some ready savings to call on. The next chart shows that the total proportion without meaningful funds has fallen notably. On the measure of savings including current account balances, the chart shows that the proportion with less than a (inflation-adjusted) £1,000 available has, while still very large, fallen substantially – from just over three-fifths on the eve of the financial crisis to just over two-fifths in the latest data. Moreover, we can see that this welcome spread of meaningful savings is distinct to *Unsung Britain*. Better-off Britons are, unsurprisingly, still less likely to live without meaningful savings than their poorer counterparts. But the proportion of them who are exposed in this way has not diminished as dramatically. In other words, the savings gap has narrowed.

Less exposed: Fewer Unsung Britons are now entirely without a buffer

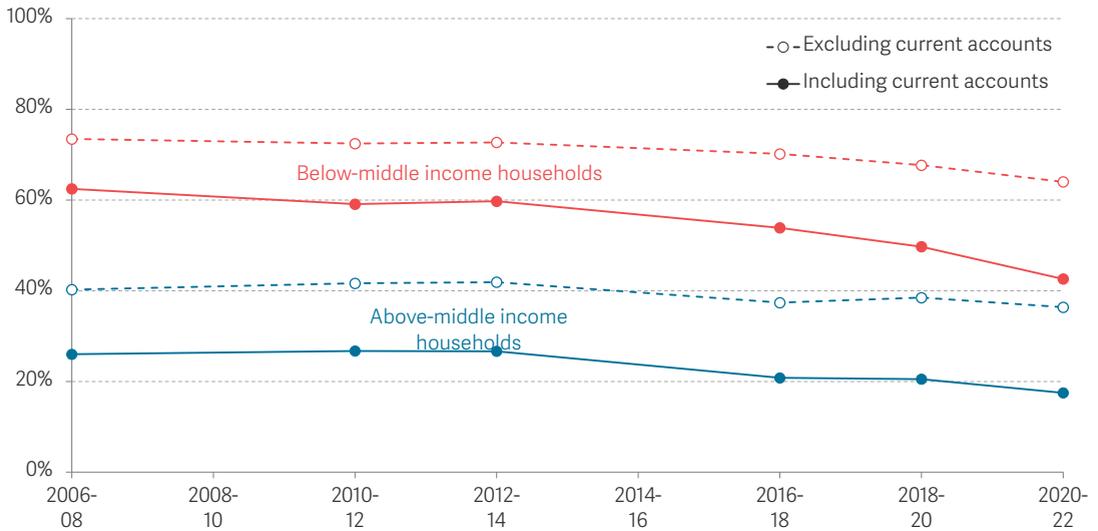


Figure 8.3: Proportion of non-pensioner families with savings of less than £1,000 in October 2025 prices, by income group and savings definition: GB

Notes: Below-middle income (above-middle income) non-pensioner families are those where nobody is at or above State Pension age whose households in the bottom (top) half of the before-housing-costs equivalised income distribution. Savings are aggregated within benefit units and are the combined value of current accounts in credit, savings account, ISAs, National Savings & Investment products, and informal savings (e.g. cash). Data is expressed in October 2025 using a CPIH deflator.

Source: RF analysis of ONS, Wealth and Assets Survey.

In sum, the lack of meaningful funds to deal with a rainy day continues to be a grave problem across much of Unsung Britain. But over the second half of our period, at least, the gap with the rest of the country looks to have narrowed, rather than got worse. Although this is good news, it needs to be understood in a wider context. The latest evidence also highlights that “passive gains” – via the appreciation of assets that the more fortunate already own – have recently been a more powerful force for accumulating wealth than proactive saving.⁸ In other words, Unsung Britain’s turn to prudence may not have done much for its position within that broader wealth-scape, to which we will return at the end of this chapter.

⁸ M Broome & R Kanabar, Before the fall: The distribution of household wealth in Britain and the impact on families, Resolution Foundation, October 2025, <https://doi.org/10.63492/pcv793>.

Debt: declining obligations?

On a long view, total household debt across the whole of society is far higher than it was in the distant past.⁹ More specifically, consumer credit – our real focus in this section – is much more available than it was, for example, in postwar Britain.¹⁰ But whereas the first half of our period – the years up to the financial crisis – was a time of rising borrowing, the second half has been an era of reducing consumer debt. The next chart, covering the whole population, shows the final phase of the long build-up of consumer credit, around the turn of the millennium and into the early 2000s, and then the subsequent trend towards reductions in the absolute balances owed.

The decline has ebbed and flowed, but the downward recent trend seems clear. Compared with 20 years ago, credit card balances are unmistakably lower. Personal loans in other forms have bumped around more – the car finance boom in the late 2010s may have played a part in arresting the slide in that period. But cumulatively, non-credit card debts have fallen even further. Measured relative to incomes which, despite the protracted recent stagnation, are still markedly higher than a generation ago, the decline in the debt burden would look even starker.

⁹ For the rise of total household debt in the UK since the mid-1960s, see Bank of International Settlements data, available at: https://data.bis.org/topics/TOTAL_CREDIT/tables-and-dashboards.

¹⁰ The growth in unsecured (as well as secured) household debt over the decades before the financial crisis is recorded here: Chart 1, R Hamilton, [Trends in households' aggregate secured debt](#), Bank of England, September 2003.

Back to black? Consumer debt has fallen back since the credit crunch

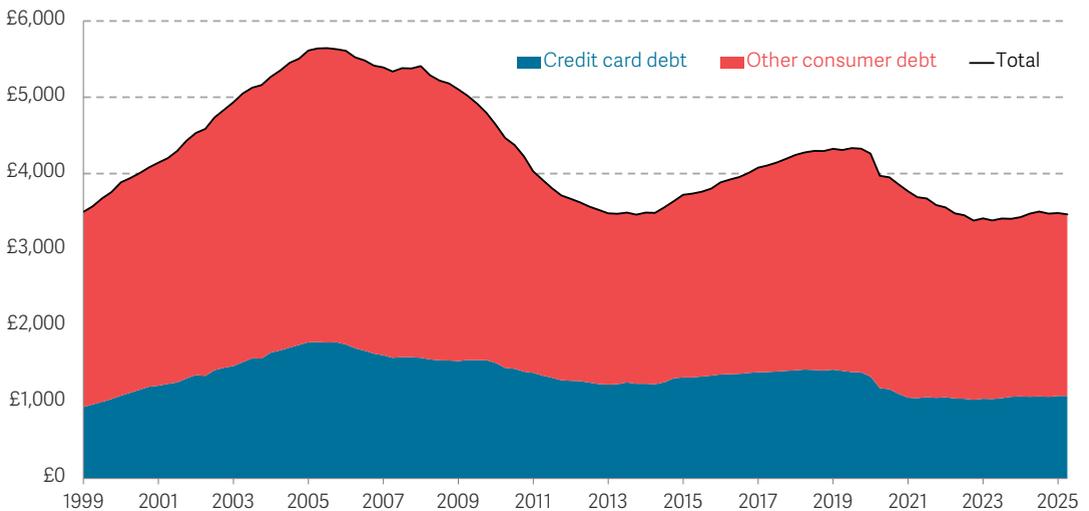


Figure 8.4: Real-terms outstanding consumer debt per person: UK

Notes: Historic data has been manually break-adjusted to reflect significant changes to the basis of preparation. Balances for quarter-end are expressed in October 2025 prices using a CPIH deflator. Quarterly population data is taken from the ONS' quarterly interpolated series for the UK resident population.

Source: RF analysis of Bank of England, Bankstats; ONS, Consumer prices and UK resident population: mid-year estimates.

So far we have been looking at aggregate debts across the whole population. But when we dig into more recent data that allows us to examine *Unsung Britain* more specifically, we find much the same downward thrust over the post-financial crisis years. The average working-age family on a bottom-half income closed the 2010s owing 20 per cent less in real terms (£2,100 in 2018-20) than their counterparts had owed (£2,600) way back in 2006-08.

Most recently of all, the twin shocks of the pandemic and cost of living crisis tested the financial resilience of many households. There was much concern and some evidence in the early months of the Covid-19 crisis that families' balance sheets were diverging. Lower-paid workers took a special hit on wages amid disruptions to in-person work and sometimes redundancies, while the rich – whose employers often topped furlough up to ensure full wages continued being paid – saved as they

couldn't spend on meals out and holidays.¹¹ But while some poorer families were forced to borrow, this did not persist on average. This is not to dispute that many individuals had to make painful recourse to debt, sometimes simply to finance the basics.¹² But across *Unsung Britain* as a whole, the latest evidence points to the overall burden of real consumer debt being lighter than it was before the pandemic.

We must be very careful not to assume that less use of credit is automatically a good news story. If it reflects newly restricted access to borrowing, families could be finding it harder to smooth life's ups and downs. Being able to borrow straightforwardly is incredibly important for people with minimal savings: the alternative might be relationship-straining borrowing from friends, surrendering treasured possessions to the pawnbrokers, or even recourse to a nasty loan shark. Or indeed, going without a home repair that is important to a healthy life, or being unable to fix a vehicle that is a precondition for the chance to earn. There are good reasons why some of the families we spoke to proactively juggled their finances to ensure that they could hang on to respectable credit scores.¹³

Fortunately, the recent reduction in indebtedness does not simply reflect established modes of consumer credit being snatched away. The proportion of families with some outstanding balance on credit cards or consumer loans has scarcely budged since 2016. Rather, what has changed is that the average value of those outstanding balances has declined. For the poorest third, outstanding credit card balances as of September 2022 were down 33 per cent since before the pandemic, while the combination of overdrafts, car loans and personal loans had sunk by 19 per cent in parallel.¹⁴

On first blush then, after the heartening revelation that more of *Unsung Britain* is saving regularly, the recent history of its debts looks like more good news. But

11 Early evidence on the pandemic hitting the wages of poorer families harder was, for example, highlighted in: P Bourquin et al., *The effects of coronavirus on household finances and financial distress*, Institute for Fiscal Studies, June 2020, <https://doi.org/10.1920/BN.IFS.2020.BN0298>.

12 M Broome & R Kanabar, *Before the fall: The distribution of household wealth in Britain and the impact on families*, Resolution Foundation, October 2025, <https://doi.org/10.63492/pcv793>.

13 F Odamtten & S Pittaway, *Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families*, Resolution Foundation, September 2025, <https://doi.org/10.63492/xsa802>. In particular: page 32.

14 F Odamtten & S Pittaway, *In too deep? The impact of the cost of living crisis on household debt*, Resolution Foundation, February 2024, <https://doi.org/10.63492/ppk8951>.

there are two serious caveats. The first is to remember that our detailed data covers only the second half of our period. Assuming the rapid build-up of aggregate debts before the financial crisis was reflected in the balance sheets of Unsung Britain, there is no reason to think that it is less indebted today than it was a generation ago. The second caveat requires us to think more critically about exactly what the recent decline in headline consumer debt totals do – and do not – mean.

Shifting shape: The evolving reality of borrowing

The reduction in the outstanding debt balances of Unsung Britain since the financial crisis has not taken place in a vacuum, but rather amid a rapidly evolving (and in some ways unprecedented) monetary environment. It was to offset the dangers of credit drying up that interest rates were originally slashed to historic lows and then kept there; other innovations, such as quantitative easing, similarly pushed in the same expansionary direction. More recently, after interest rates rose up from the floor in an effort to tackle post-pandemic inflation, there were signs of lenders taking a more risk-averse approach to issuing credit.¹⁵ Moreover, there was evidence of it becoming disproportionately hard to get for at least some poorer families.¹⁶ In other words, despite the mostly reassuring trends that we have presented in this chapter so far, it is worth looking out for signs of the whole issue of credit and debt becoming trickier to handle for some.

The most obvious reason why it might have become so is simply that it has got a lot more expensive as the era of exceptionally low interest rates passed into history. As of summer 2025, average credit card interest rates were up by 3.6 percentage points compared with 2021. In parallel, personal loan rates rose by 2.1 percentage points. For people like Rhiannon Davies, who is still slowly paying off the debts she racked up to bridge her way through that extremely difficult spell in emergency accommodation, the recent rises in minimum monthly payments that have flowed from higher interest rates is experienced as a direct hit to disposable income.

15 F Odamtten & S Pittaway, In too deep? The impact of the cost of living crisis on household debt, Resolution Foundation, February 2024, <https://doi.org/10.63492/ppk8951>.

16 N Alexander & S Afzal, Evidence beats assertion: Shape and size of the credit market, Fair4All Finance, April 2025.

As well as the direct cost of higher interest, it is also important to consider how families might seek to contain or avoid those costs – and the consequences of their responses. In speaking to hard-pressed families in summer 2025, we found many were keenly aware of rising interest costs on consumer debt, with some expressing a perfectly intelligible preference for avoiding them by, in effect, borrowing in other ways. Buy-now-pay-later deals on purchases through the likes of Klarna is one option. It can work well for organised consumers who are alert to the repayment deadlines and potential penalties if they are missed. However, the lack of cohesive regulation will remain a concern until the Government rationalises it, as it has promised to do.¹⁷

Another option that some of our discussants identified as another interest-free possibility is simply playing for time on some of those household bills which, as we saw in Chapter 7, have been such a huge part of the big squeeze on Unsung Britain. There is ample evidence of families falling behind on many of the bills we have discussed. Consider first the rising Council Tax bills that were highlighted in Chapter 5: the next chart shows how the accumulated debt on these has more than doubled in real terms. A lot of the increase took place during the pandemic period, when a lighter approach was briefly taken towards enforcement. But there has been no sign of the authorities catching up since – the stock of arrears has continued to rise, and indeed at a faster rate than before the pandemic.

17 For a brief discussion of Buy Now, Pay Later finance see: Box 2 on pp 22-23 in: F Odamttten & S Pittaway, Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families, Resolution Foundation, September 2025, <https://doi.org/10.63492/xsa802>.

Heavy duty: Arrears on Council Tax bills have rocketed

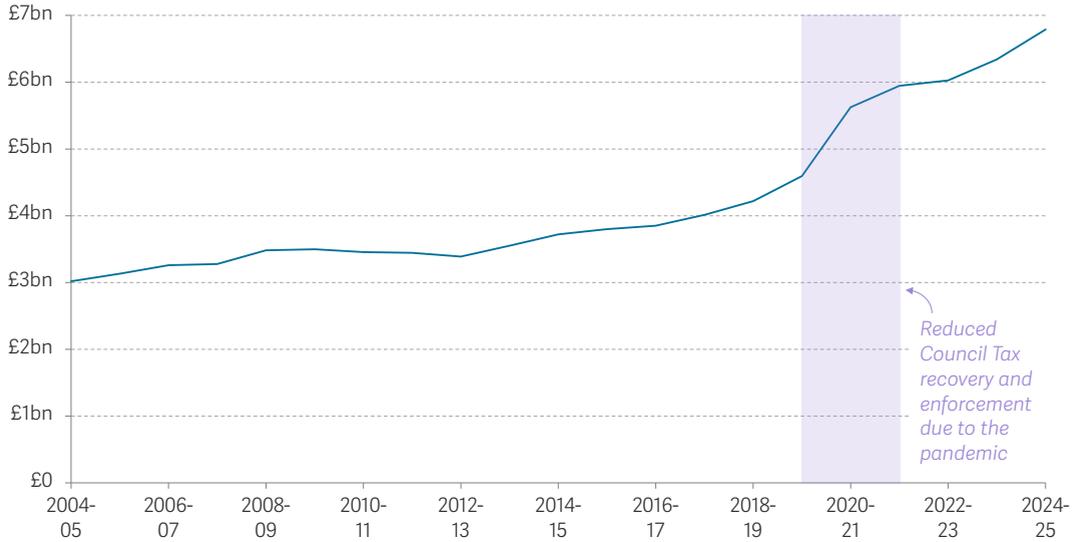


Figure 8.5: Real-terms stock of Council Tax arrears at fiscal year-end: England

Notes: Amounts have been converted to October 2025 prices using a CPIH deflator.

Source: RF analysis of MHCLG, Collection rates for Council Tax and non-domestic rates in England; ONS, Consumer prices.

The story with energy, as the next chart shows, is even more dramatic. The number of accounts who are behind on payments has remorselessly risen since around 2017 and now totals over 1.6 million for gas and nearly 2 million for electricity. And more recently, during the period from 2022 when bills surged, the average amount owing on these accounts very roughly doubled. Precise numbers about the number of families who are running behind are difficult, not least because an indeterminate number of households will be behind on both utilities at once. But the information shown is enough to make clear that a substantial and rising number of families are carrying significant energy debts.

Cold reality: More families are falling further behind on energy bills

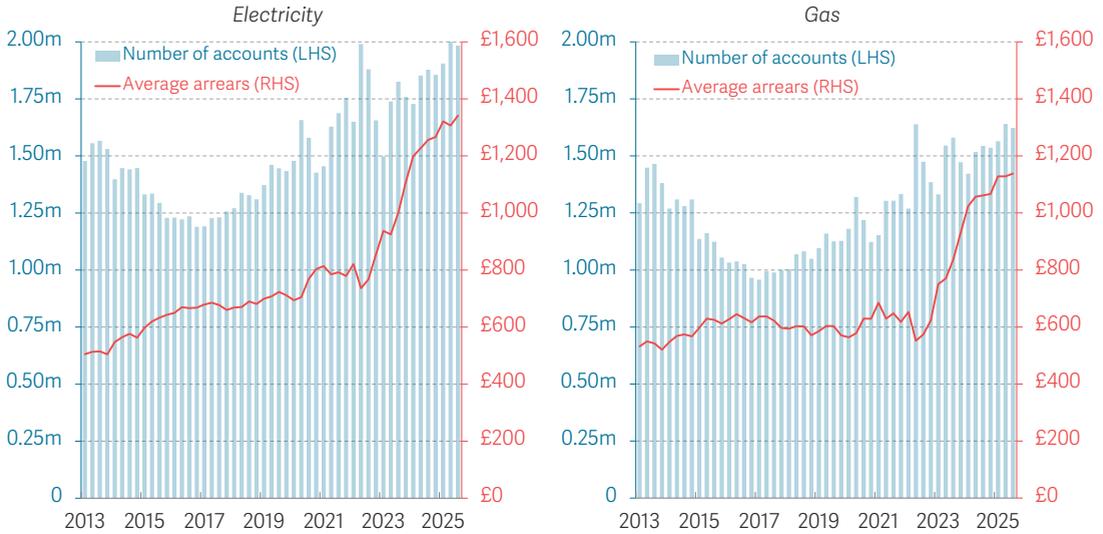


Figure 8.6: Number of electricity and gas accounts in arrears and average outstanding balance of accounts in arrears: GB

Notes: Data covers accounts where there is an agreement to repay outstanding debt (what Ofgem refers to as 'debt') as well as accounts where there is no repayment agreement in place (what Ofgem refers to as 'arrears'). Amounts outstanding have been converted to October 2025 prices using a CPIH deflator.

Source: RF analysis of Ofgem, Debt and Arrears Indicators; ONS, Consumer prices.

By swapping to data on family finances we can confirm these trends and also look at the way they have played out across the income spectrum. First of all, the next chart confirms that a substantial proportion – 18 per cent – of all households in the poorest fifth are now behind on at least one priority bill. It also shows, however, that the sharpest recent rise in the incidence of arrears has not occurred at the very bottom, but a little further up the scale. In the second-poorest fifth, where far fewer used to be behind on bills, going into arrears have recently become much more common. The incidence of 'falling behind' within this bracket is rapidly catching up with that recorded among the poorest: 15 per cent report being in arrears. There is even a definite upward tick in reported arrears in the middle fifth of the income spectrum.

Squeezed middle? Rising arrears are creeping up the scale

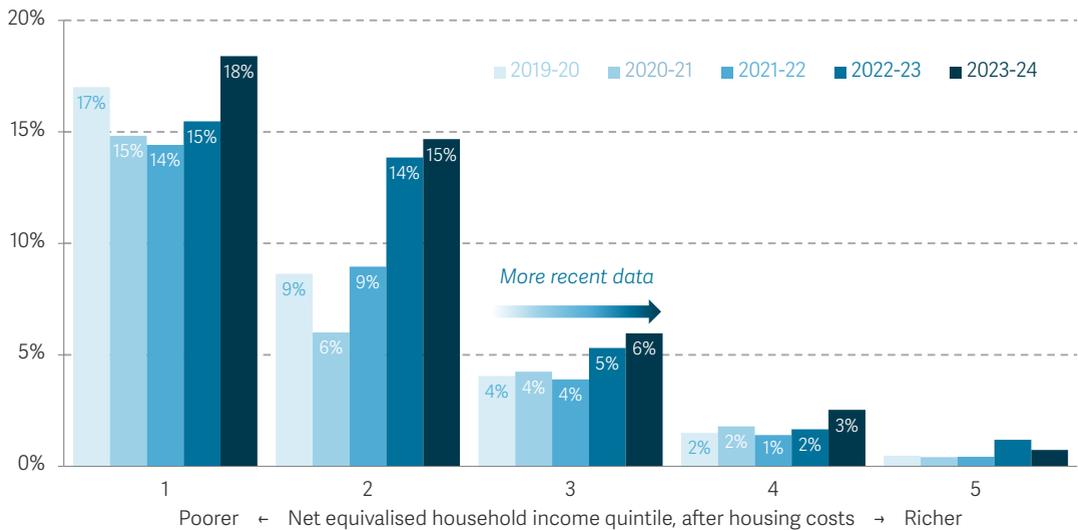


Figure 8.7: Proportion of individuals living in families behind on at least one priority household bill, by income group: UK

Notes: Priority household bills consist of electricity, gas, other fuels, water, telephone, insurance, Council Tax and rent.

Source: RF analysis of DWP, Family Resources Survey.

It starts to seem, then, like at least some of the consumer debt that had looked to be slowly falling away is instead being replaced by a build-up of arrears. To the extent that this is happening, we may not be seeing a general lightening of the debt that is weighing on Unsung Britain, but rather a shifting of its liabilities from one form to another – like squeezing the air from one part of a balloon to another. With interest rates much higher than they were, someone who would previously have picked up a credit card to deal with a bill may now prefer to let that bill remain unpaid for a while. Regulation offers some protection against energy being rapidly cut off, and there are more strictures than there were a few years ago about forcibly installing costly “pre-pay” meters in the homes of late payers.

It is therefore easy to understand why some families might be shuffling their liabilities towards arrears, although there are also serious grounds to worry about this trend. Payments due on household bills were traditionally classed as “priority debts” for good reasons. When families fall behind on Council Tax, prison can be a risk. With rent arrears, the danger is eviction. Even with energy, the old perils have

not vanished, as it is not sustainable for energy companies to offer interest-free finance indefinitely. Indeed, Ofgem is already edging back in the direction of once again cutting the utilities more slack to install costly pre-payment meters, which can end up with families who run out of credit being left in the cold.

In sum, the building wave of arrears in Unsung Britain is a cause for worry. It can leave families dependent – at best – on negotiations with local authorities, utilities and landlords, and at worst at the mercy of decisions by regulators and courts. We can learn more about the way that liabilities have shifted at the problem end by looking at trends in debts among people who seek the help of Citizens Advice. The charity reports big changes in the debt problems observed in their caseload: although the credit card debts of their clients have fallen, the average outstanding balances for rent and council tax are up somewhat since 2019. Meanwhile, arrears for utility bills have – as the chart shows – truly rocketed.

Less plastic, burgeoning bills: The evolving debt mix at the sharp end



Figure 8.8: Real-terms change in Citizens Advice clients' average debt levels relative to 2019 levels, three-month rolling average by debt category: UK

Notes: Data is converted to real terms using a CPIH deflator.

Source: RF analysis of Citizens Advice, Our Debt Data; ONS, Consumer prices.

Yet another form of debt that is very different again but has also been weighing heavily on Unsung Britain is money owed to the Department for Work and

Pensions. The DWP is not a creditor you can readily negotiate with: it can make deductions from current benefits to claw back past loans and overpayments, as well as third-party arrears for things like rent, Council Tax and energy bills. That basic power is long established, but various features of Universal Credit have made this an increasingly salient issue as this new system has been phased in over the last decade. In particular, there is increased facility to receive an advance in the early part of a claim, but also a greatly increased need to seek one, thanks to the five-week wait for the first payment to come through. Nearly half of new claimants seek an advance.¹⁸

Deductions can take a large chunk out of incomes that are already very low, even though that chunk is not as large as it was since the Government reduced the maximum repayment from 25 to 15 per cent of the Universal Credit standard allowance in April 2025. After the long years of squeezes and freezes on benefit rates, there has been growing evidence for and concern regarding the hardship that flows from the DWP's role as a major debt collector.¹⁹

Important as they are, arrears and debts to the DWP are only one small piece of the overall debt picture, and an even smaller part of the broader balance sheet for most families. Having homed in on the buffers of savings and credit that families first reach for to get them through rainy days, we now zoom back out and briefly consider the assets and liabilities that we build up, run down or repay over far longer time horizons.

The bigger picture

Wealth is always and everywhere more unevenly spread than incomes.²⁰ The fact that its aggregate value has doubled or more relative to national income over the

18 S Kennedy et al., *Universal Credit deductions*, House of Commons Library, July 2023.

19 See, for example: A Graven, *Universal Credit and Third Party Deductions: The Rules and Their Impact on Claimants*, Social Policy and Society, January 2021, <https://doi.org/10.1017/S1474746419000563>; D Ben-Galim, *Deductions: Driver of Poverty*, Lloyds Bank Foundation, May 2022; R Griffiths & R Cain, *Universal Credit, deductions and 'sexually transmitted' debt*, *Journal of Social Welfare and Family Law*, October 2022, <https://doi.org/10.1080/09649069.2022.2136712>.

20 For more background on recent evolution in the (reliably unequal) distribution of wealth see: M Broome & R Kanabar, *Before the fall: The distribution of household wealth in Britain and the impact on families*, Resolution Foundation, October 2025, <https://doi.org/10.63492/pcv793>. And for a longer-term take see: P Bourquin, M Brewer & T Wernham, *Trends in income and wealth inequalities: The IFS Deaton Review of Inequalities*, Institute for Fiscal Studies, November 2022, <https://doi.org/10.1093/oeec/odad100>.

last four or five decades has therefore, quite rightly, attracted a lot of concern and discussion. The “rise of wealth” has in all sorts of ways tended to make life in Britain – and indeed in many other advanced economies – more unequal than it would otherwise be.²¹ Zooming out from the issues of ready savings and immediate credit, it is worth briefly reflecting where this wider evolution of wealth – and indeed debts – leaves *Unsung Britain*.

The big picture on assets is dominated by housing and pensions, which together constitute around 80 per cent of everything that is owned by British households.²² Mortgage debt connected to the property market likewise accounts for the great bulk of household liabilities. This is entangled with the big shifts in the tenure mix that we have already described, together with the wildly varying knock-on effects on the distribution of disposable incomes which we teased out in Chapter 5. As for pensions, grim omens emerge for today’s working-age population from the latest official forecasts, which suggest those retiring in 20 years’ time can expect to replace a lower proportion of their working income than people who are retiring today.²³ But whether or not the pensions outlook is seen as a *special* problem for *Unsung Britain* turns on how pension adequacy is defined. The total retirement income of poorer workers will typically be lower than that of their better-off counterparts and so, in absolute terms, less adequate for covering the basics. And yet, their retirement prospects often look rosier when measured relative to their lower working-age incomes.²⁴ The state pension is now higher than it was a generation ago, although the proportion of an individual’s previous pay that it replaces drops rapidly above the very bottom of the wage scale, leaving middle-earners much more exposed. The other big change has been ‘auto-enrolment’ personal pensions, which mostly acts as a strong nudge to those earning over a modest threshold (currently £10,000) to save something. That is a positive, although

21 This was a point famously developed in: T Piketty, *Capital in the Twenty-First Century*, Harvard University Press, April 2014. For a more up-to-date analysis of the UK trends see: S Pittaway, *Inequality Control*, Resolution Foundation, November 2024, <https://doi.org/10.63492/icjd352>. For more on the social implications of a rising wealth/income ratio see: T Clark, *Earning vs owning*, Institute for Public Policy Research, November 2024.

22 M Broome & R Kanabar, *Before the fall: The distribution of household wealth in Britain and the impact on families*, Resolution Foundation, October 2025, <https://doi.org/10.63492/pcv793>.

23 Department for Work and Pensions, *Analysis of future pension incomes*, July 2025. See, in particular, Table 2.

24 Department for Work and Pensions, *Analysis of future pension incomes*, July 2025. Compare, in particular, Figures 2 and 3 to see how lower-paid workers are set to fare better on replacement ratios and yet worse on metrics based on achieving an “adequate” retirement income.

saving inevitably takes time, and so makes much less of a difference for those who are already middle-aged or older, and who had completed a significant chunk of their career before the scheme began in 2012. There are, moreover, still great tracts of Unsung Britain who are saving little or nothing for retirement, including many freelancers, disabled people and carers.

One other form of long-term debt is worth a specific look: student loans. For younger cohorts who have completed higher education, repayments take a direct bite out of disposable income. In England, where the loans are biggest, they are calculated as 9 per cent of any income that a former student has in excess of a threshold set at twenty-something thousand pounds a year (the exact figure depending on the type of course taken, and the year it was started). In other words, for as long as loans are being repaid, it operates like a proportional income tax applied above an allowance. And as with an income tax, there is an effect on living standards.

Student loan repayments are, therefore, another force that's been tightening the squeeze on disposable incomes for younger people, including the younger half of Unsung Britain. Younger people are more likely to have attended university, much more likely to have required significant loans and much less likely to have paid them off, all of which has a bearing on repayments. But despite the way that student loans were recast and increased over the first dozen years of this century, repayments are not quite as heavily concentrated on the very young as might be imagined. The income threshold creates the possibility of repayment holidays, so – considering our example families – 39-year-old Sarah Collard still has some loans outstanding, because she has had a number of years out of paid work. And while it is true that the total debt racked up by the much more recent student, Bushra Uthman, was considerably more due to the higher fees that she faced, the threshold-and-percentage repayment structure ensures that the immediate hit to her disposable income is pretty similar to that which will face Sarah on her return to work.

Totting up across the balance sheet

There are, then, various ways that questions of saving and borrowing that play out only slowly over life course – regarding education, pensions and homebuying – can affect not only one’s future financial security, but also one’s material living standards. Compared with a generation ago, there are now fewer homebuyers, more outright homeowners, more pension savers (albeit often on track for less-adequate pension incomes) and more people carrying student debts in Unsung Britain. Even considered in isolation, the effects of each of these changes is complex. Considered together, the only entirely safe general conclusion is that assets and liabilities affect living standards in all sorts of ways and so deserve close attention in the individual case. Still, the lurch from a society where economic position was mostly about ‘what you earn’ to one where it is more important ‘what you own’ has made it harder than it used to be for all those in Unsung Britain who own very little to find a way to get ahead.

The trends regarding ready savings and immediate credit are more easily distilled. A huge and disproportionate part of Unsung Britain lacks basic rainy-day funds, and yet there are some benign trends since the financial crisis, with more poorer people saving, and fewer carrying heavy consumer debts. It’s much harder, however, to be confident in mapping across from those smaller debts to living standards. For one thing, rising interest rates have recently pushed up ongoing repayment costs. For another, we have learned that one way it has been possible for poorer families to ‘put the credit card away’ has been by putting basic household bills out of mind and allowing arrears to build. This last item on Unsung Britain’s balance sheet feels particularly unsustainable.

It is, however, not only wealth and debts that exist in financial form that bear on living standards. Individual health can also be a crucial asset, or indeed a burdensome liability, with big effects on disposable income. The next chapter turns to consider how it has been evolving and what that means for the way Unsung Britain lives today.

Chapter Nine

Health: Minds, bodies
and money

Nothing matters more to most of us than the chance to live a long life, and more particularly a long and *healthy* life. The average age that death strikes is a count on which Britain, like all advanced economies, has notched up astonishing progress since the late 19th century, as better nutrition, improved living conditions and modern medicine have worked their magic. For nearly 100 years after the flu pandemic that followed the First World War this improvement was continuous, incrementally yet unceasingly stretching average lifespans up from around the order of 50 years to something more like 80. This improvement continued into the early part of our period, but then as – as the chart shows – petered out before tipping over into outright reverse during the Covid-19 pandemic period.¹

The reaper resurgent: Lives stopped getting longer during the 2010s

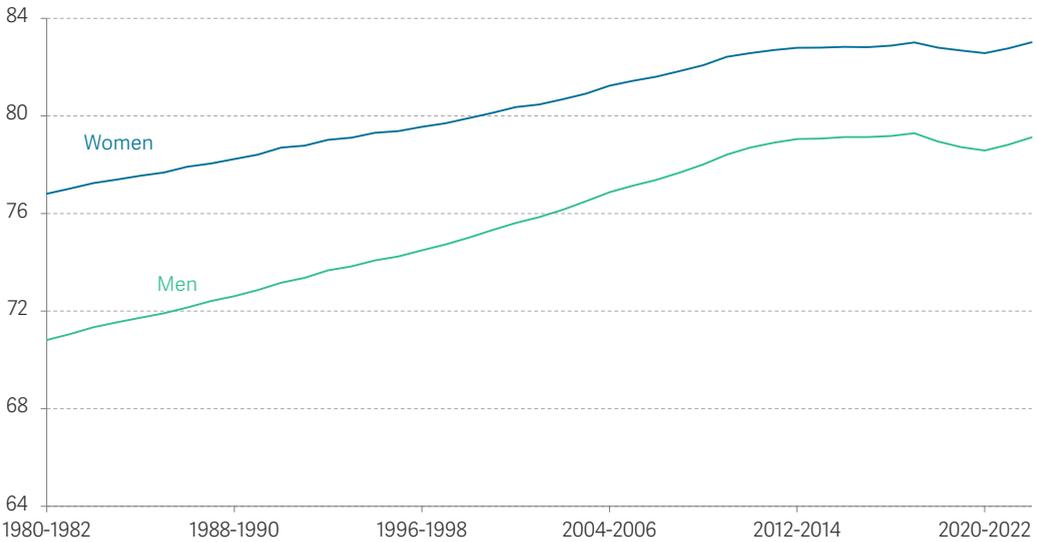


Figure 9.1: Life expectancy at birth, by sex: UK, 1980-1982 - 2022-2024

Notes: Last data point refers to 2022-2024.

Source: RF analysis of ONS, National life tables.

This is, of course, a book about working-age Britain and happily the great bulk of deaths in this country occur after people pass pension age. Less happily, there are signs that deaths in middle age could be a material part of the darkening

¹ ONS, [National life tables – life expectancy in the UK: 2022 to 2024](#), December 2025.

overall picture, with mortality among people aged 45-54 starting to rise around 2015.²

We mustn't rush to assume that this is down to stagnant living standards. After all, poor living conditions and even poor health itself will often take a long time to translate into mortality, and there are always multiple other factors including, pre-eminently in the recent past, a global pandemic. But epidemiologists have elucidated many routes by which relative hardship gets under the skin and creates problems with physical health.³ Official analysis bears out the suspicion that there is a strong, and indeed strengthening, connection between lifespans and living standards. Even before the pandemic, the ONS had noted that women in poorer postcodes were living less long than they had a few years before.⁴ Then came Covid-19, with fatalities heaviest among men in deprived neighbourhoods.⁵ The next chart shows how life expectancy has recently dipped more across the poorer communities, in which people already lived less long.⁶ The recent shrinkage is over a year in the most deprived wards, against a few months in the most prosperous.

2 J B Dowd et al., US exceptionalism? International trends in midlife mortality, *International Journal of Epidemiology*, April 2024, <https://doi.org/10.1093/ije/dyae024>.

3 For one of the most general and widely-cited papers in this voluminous public health literature see: M Marmot & E Brunner, Cohort Profile: The Whitehall II study, *International Journal of Epidemiology*, Volume 34, Issue 2, April 2005, pp 251-256, <https://doi.org/10.1093/ije/dyh372>. See also: R Wilkinson & K Pickett, *The Spirit Level: Why more equal societies almost always do better*, Allen Lane, 2009.

4 ONS, [Health state life expectancies by national deprivation deciles, England: 2016 to 2018](#), March 2020.

5 Men in the most deprived decile (England) and quintile (Wales) had the highest age-standardised rate of death of any group between March 2020 and April 2021. Table 4 and 5 of ONS, [Deaths due to COVID-19 by local area and deprivation](#), May 2021.

6 ONS, [Healthy life expectancy by national area deprivation, England and Wales: between 2013 to 2015 and 2020 to 2022](#), July 2025.

Harder lives, shorter lives: The longevity crunch is concentrated in poorer Britain

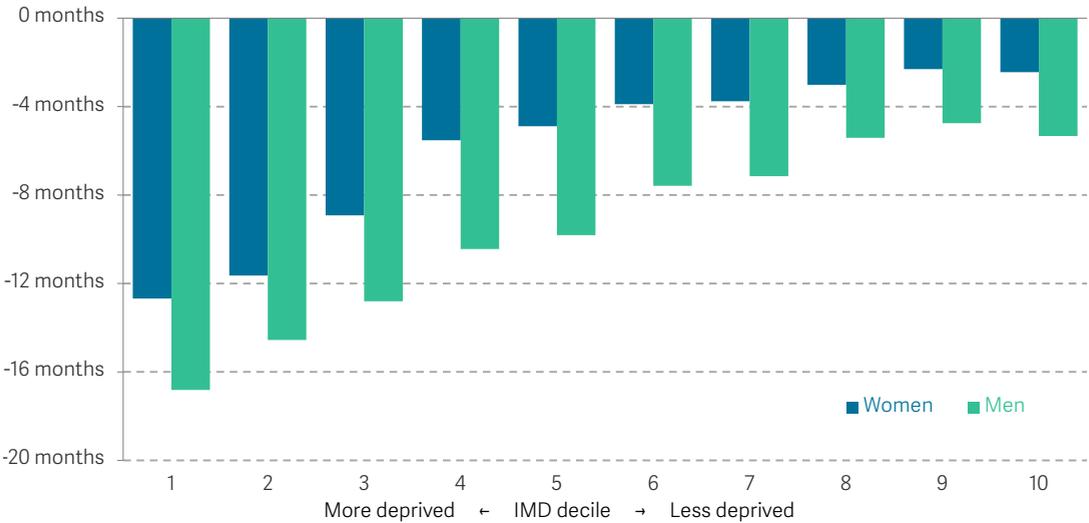


Figure 9.2: Change in life expectancy at birth, by sex and Index of Multiple Deprivation (IMD) decile, between 2017-2019 and 2020-2022: England

Source: RF analysis of ONS, Healthy life expectancy by national area deprivation.

Even in the poor neighbourhoods, working-age deaths are relatively rare and thus a very incomplete guide to health. Thankfully, official statisticians report not just on life expectancy but on the chunk of life that people can expect to pass in 'good' health. This proportion is again notably lower for residents of deprived communities. A lower percentage of a lower total lifespan translates into an extraordinary absolute gulf in 'healthy life expectancy' between rich and poor communities. For men in the most prosperous parts of England, the expectation is for 70 healthy years; in the poorest, just 51.⁷ A similar pattern is seen for women. In other words, good health has often gone before people age out of our target group.

Getting personal

If faltering life expectancy is a wake-up call to investigate the health of the nation, these stark inequalities suggest it is especially urgent to examine the condition of Unsung Britain. But there is a serious limitation to any analysis based on life

⁷ Taken from Table 1 in ONS, [Healthy life expectancy by national area deprivation, England and Wales: between 2013 to 2015 and 2020 to 2022](#), July 2025.

expectancies. Namely, they are only collated at the level of communities, and so can't tell us much about the connection between fragile health and squeezed finances within individual homes. The UK's administrative practices only collect scant personal details in certifying deaths, making this a hard problem to fix. It makes it difficult, for example, to pinpoint concentrations of premature mortality among those without college degrees, in the way that Anne Case and Angus Deaton famously did in their work on American 'deaths of despair.'⁸

Fortunately, we can use official household surveys to explore directly the link between personal circumstances on the one hand and health and disability on the other.⁹ Ill-health and disability are distinct: it goes without saying that the typical Paralympian will be in excellent health. The evolving way that disability is defined is important, and we point interested readers to an annex in one of the analytical papers underlying this book for full details of our approach.¹⁰ Nonetheless, looking across the population as a whole, there are considerable overlaps between what constitutes a long-term physical or indeed mental health condition and what counts as a disability. To keep the analysis pithy, we will focus on the latter.

The next chart separates *Unsung Britain* from working-age adults in the top half, and shows the incidence of disability in each group. As we have often done throughout the book, we set aside pensioners, the group for whom long-term health issues and disabilities are perhaps more likely to be explained as 'natural' wear and tear. Two things immediately jump out from the graph. First, adults in the bottom half have consistently been *much* more likely to be disabled – often around twice as likely as their better-off counterparts. Second, over the last decade in particular, rates of disability have shot up in much the same way for both the poorer and the richer half of the country.

8 A Case & A Deaton, *Deaths of Despair and the Future of Capitalism*, Princeton University Press, March 2020

9 A recent example of this is: B Boileau & J Cribb, [Health, wealth and employment in the run-up to state pension age](#), Institute for Fiscal Studies, November 2025.

10 Our basic approach, in common with that in the Family Resources Survey, defines disability as having a long-term health condition or impairment that limits day-to-day activities. For details of the precise survey questions used to define this in the FRS see: Annex 1 in: H Slaughter & I Stone, *Don't forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain*, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>.

Doubly disadvantaged: Disability is up everywhere, but still affects poorer families more than the better-off families



Figure 9.3: Proportion of working-age adults who are disabled, by household income: UK

Notes: See footnote 10 for our definition of ‘disability,’ and a reference covering survey questions and the way they have evolved over time. Gaps in the series shown reflect these changes in the exact wording.

Source: RF analysis of DWP, Family Resources Survey

The persistent link between weaker finances and disability (or for that matter long-term sickness) is not a surprise. Indeed, when we look for reasons as to why it might exist, we are almost spoilt for choice. As well as the dangers just discussed – of material hardship ‘getting under the skin’ and impeding health and creating disabilities – there are myriad ways that disabilities and associated discrimination might impede the potential to earn and move up the income scale. There could well be vicious cycles in which hardship begets disability, and disability begets more hardship.

Indeed, the real penalty that disability imposes on living standards could be much more marked than one might guess from this chart. That is because, in sorting the low- and high-income groups, we have included disability benefits designed to cover the specific costs that are associated with many disabilities – relating, for example, to special transport or care needs – and yet made no adjustment for how

those costs themselves drag down living standards.¹¹ If we had done so, the gap between prosperous and Unsung Britain would look even starker.¹²

So perhaps the concentration of disability among those on below-middle incomes should come as no surprise. The sharp recent rise in its incidence, however, is a very different matter. It is not something that anyone could have predicted from the first half of the last chart – there is no upward trend before about 2010. There is one potential driver that we could have seen coming: the ageing of the working-age population described in earlier chapters. You might well imagine that more fifty- and sixty-somethings could mean a frailer working-age population. The next chart, however, points to a very different explanation. It isolates the average incidence of disability *within* every age bracket in the poorer half. The most dramatic rise by far – a more than doubling of disability – is found among the very youngest: those aged 16-24. The second-biggest rise is among the second-youngest group, those aged 25-34. By contrast, there is no rise among those aged 55 and over.

Admittedly, the total incidence of disability is still somewhat higher among this older bracket, and so the growth in its relative size will have had some effect. But we can calculate with precision just how marginal a factor ageing has been. Some 83 per cent of the overall increase of disability in our target group is explained not by any change to the age structure, but rather to those unmissable big rises within given age groups.¹³

11 One study corrected for this potential bias by stripping disability benefits out of income, and reported that the ‘income gap’ between disabled and non-disabled working-age adults rose from 30 per cent to 44 per cent. See: O El Dessouky & C McCurdy, *Costly differences: Living standards for working-age people with disabilities*, Resolution Foundation, January 2023.

12 We can confirm that by crunching official data on so-called ‘material deprivation’ – defined in terms of families being unable to afford specific things, like fixing broken electrical goods or saving a little each month. We’ll come back to this in the next chapter, but families with a disabled person in the household tend to be at least twice as likely to be deprived on this count as those without one.

13 H Slaughter & I Stone, *Don’t forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain*, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>; see in particular footnote 8.

Young and frail: Disability has more than doubled among under-25s

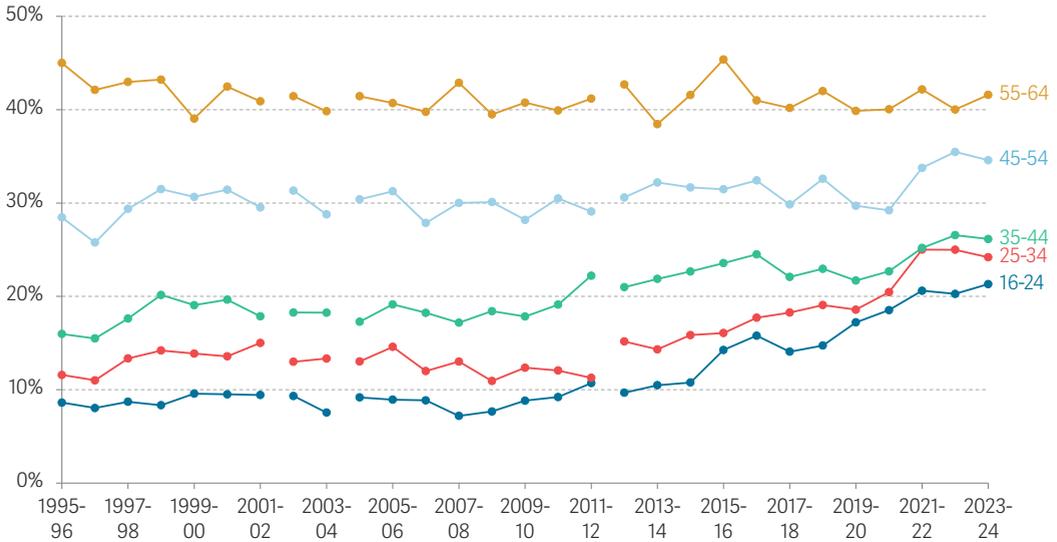


Figure 9.4: Proportion of adults in below-middle income families who report being disabled, by age group: UK

Notes: See footnote 10 for our definition of ‘disability,’ and a reference covering survey questions and the way they have evolved over time. Gaps in the series shown reflect these changes in the exact wording.

Source: RF analysis of DWP, Family Resources Survey.

Contours and consequences

This chapter has already established some of the most important, and most alarming, of all the changes to affect the poorer half of Britain over the last generation. Life expectancy has stopped rising across the nation, particularly in its poorer communities. Rates of disability among poorer Britons have risen from just under a fifth (19 per cent) to approaching a third (30 per cent). And this dramatic increase is even more marked among the young than the old.

These are towering and unpleasant facts, but to grasp their full social meaning we need to examine their contours more closely. For example, the implications might be different, and probably easier to manage, if they reflected a passing, pandemic-related phenomena. Unfortunately, a glance back at the last two charts suggests the problem has deeper roots: both the general rise in disability and runaway increase among the young became evident during the 2010s, before Covid-19 had arrived.

Another big question is what kinds of ‘disability’ (a term that covers a huge variety of impairments) are driving the overall trend. Here, the data allows us to be emphatic, particularly as regards the young. The more-than-doubling in disability among 16-24-year-olds with below-middle household incomes is accounted for by those with mental health conditions.¹⁴ It is hard to overstate the urgency of getting to grips of what is, mostly, an unfolding epidemic of disabling anxiety and depression. There are very particular risks of downward spirals with mental health problems, if impeded confidence impairs opportunities to work and socialise, which can then lead to hardship and another twist down in confidence. Such perils are all the greater when this swirl of misfortune strikes young, because of the documented tendency for missed opportunities early in life to ‘scar’ the way things play out later.¹⁵

Before we can settle the extent to which rising rates of disability affect living standards we need to answer a third question: how far, exactly, are disabilities still liable to get in the way of work? The headline official statistics provide an obvious, and depressing, starting point. Whereas employment among non-disabled people stood at an impressive 82 per cent in the third quarter of 2025, the ‘disability employment rate’ was just 52 per cent. That is a truly yawning gap, of 30 percentage points.¹⁶ (For contrast, the traditional gap between male and female employment rates is now around 5 percentage points.¹⁷) The detailed data suggests disabled people are nearly twice as likely as others to be ‘unemployed’ – jobless but looking for work – and nearly three times more likely to ‘economically inactive’ and not seeking employment.

Drawing on different data, which allows us to single out disabled people specifically in poorer homes, the next chart confirms that a large proportion of this group are economically inactive, specifically for health-related reasons. What is less familiar, but equally stark, is that even among *working* disabled people,

14 H Slaughter & I Stone, Don't forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>.

15 For more discussion on ‘scarring’ and some pointers to the voluminous literature on it, see: C McCurdy & L Murphy, *We've only just begun: Action to improve young people's mental health, education and employment*, Resolution Foundation, February 2024.

16 ONS, *Labour market status of disabled people*, November 2025.

17 ONS, *Employment, unemployment and economic inactivity for people aged 16 and over and aged from 16 to 64 (seasonally adjusted)*, December 2025.

issues rooted in health, relating to both body and mind, take a serious toll. Outright majorities of disabled workers report being limited by both mental and physical health in a range of different ways: including restrictions on the nature and volume of the work they can do, as well as their estimation of what they have accomplished.

Working less, working with more constraints: Disability and employment

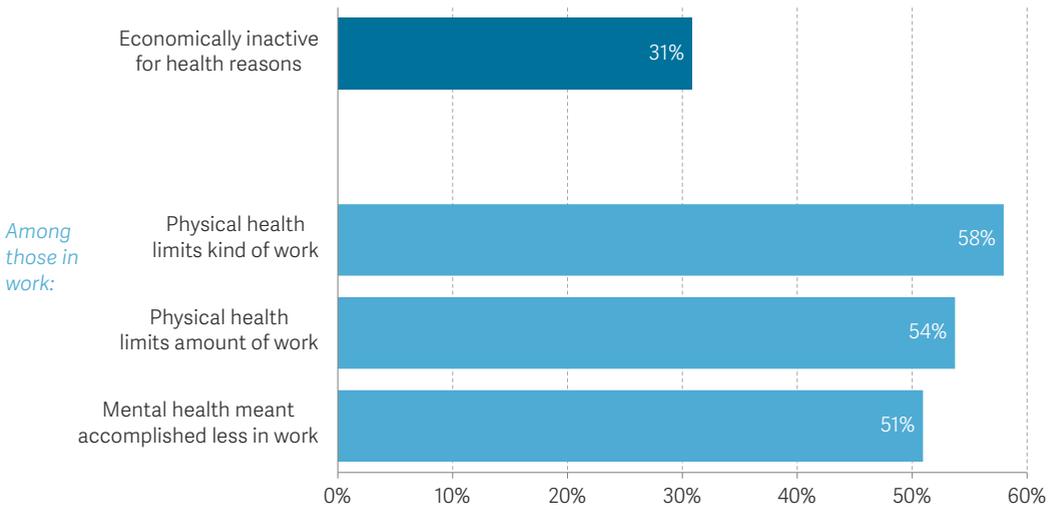


Figure 9.5: Proportion of working-age disabled people in below-middle income families who report selected limitations to the paid work they can do: UK, 2022-2023

Source: RF analysis of ISER, Understanding Society.

Among the fictional families we met in Chapter 2, then, it turns out that the experience of Trisha Hughes – who had to quit work a decade ago when her MS flared up and has not been in paid employment since – is typical across families in the poorer half of Britain. And when we convened a sample of disabled people from real pinched families near Worcester in late 2024, they vividly described precisely the sorts of problems that can lead to both joblessness and compromised work. One participant who wasn't working and who had both physical and mental conditions, explained how they felt that these restricted their options, by ruling them out of "working with the public" where "you need to be fully on form, don't you?" Another who has maintained self-employed work

despite mental health problems described those awful “times when I’ve kind of just, you know, come to a wall” and had to stop for a spell.¹⁸

Family fortunes

We should close this chapter by thinking about something that has a huge part in determining the standard of living for disabled people. The right social care – or the lack of it – can make or break opportunities to do all sorts of things, from getting dressed in the morning to going out into the world to pursue a professional career. It is a service that our own previous polling has identified as a particular priority for Unsung Britain, with lower-income voters rating it as a higher priority than schools or transport.¹⁹ But it is also a service that too often fails to provide people with the support that they need.

The next chart shows how over the last several years, since 2018, a dwindling proportion of requests for adult social care have been getting a positive response. It shows, moreover, that the proportion of requests accepted has fallen especially steeply among working-age adults, rather than among pensioners. Less than 30 per cent of their requests now result in support. Although the data does not allow us to single out people on lower incomes, all the evidence we have marshalled in this chapter might lead one to suspect that shortcomings of care are likely to be a problem felt especially keenly in Unsung Britain.

¹⁸ See p19 in: H Slaughter & I Stone, Don’t forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>.

¹⁹ C Aref-Adib, E Fry & Z Leather, At your service?: Why the 2025 Spending Review must reckon with the distribution of public service use, Resolution Foundation, April 2025, <https://doi.org/10.63492/ZVYN2275>. See Figure 8.

Less supported: Fewer requests for care are leading to support being provided

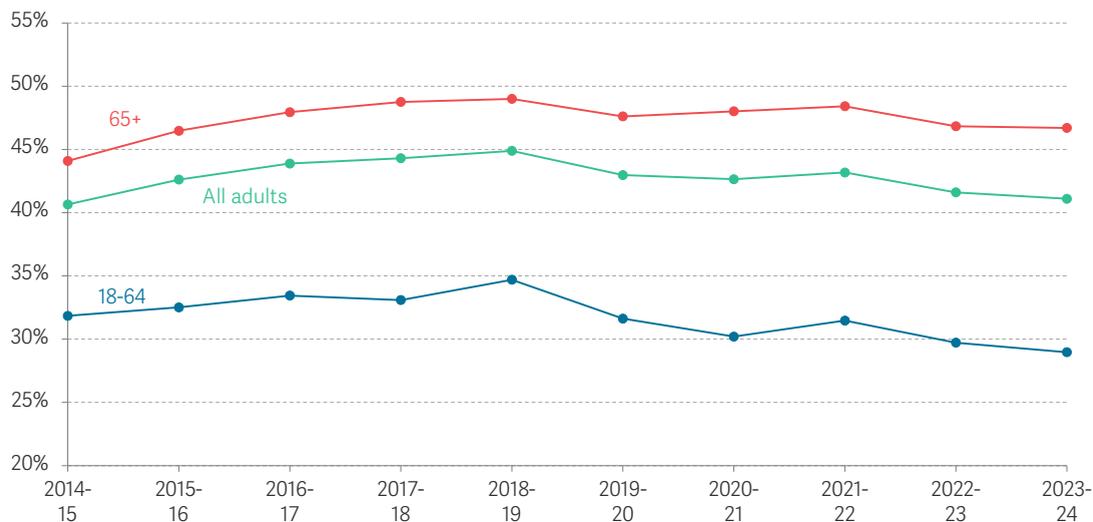


Figure 9.6: Proportion of adult social care requests that result in support, by age group: England

Notes: Support includes long-term or short-term support but not signposting to other services. Source: RF analysis of NHS Digital, Adult Social Care Activity and Finance.

The growing shortfall between need and provision occurs despite a 19 per cent increase in real expenditure since 2010.²⁰ Demand has been overwhelming, in line with all the trends we have described in this chapter. The existence of yet another major government review, led by Louise Casey, suggests that Whitehall understands that care needs to be fixed, although the fact it has not been asked to report back until 2028 suggests there is not much confidence about finding straightforward solutions.

As well as being a huge and festering issue in its own right, the inadequacies of social care also feed back directly into the main measure of material living standards we have used in this book: disposable family incomes. Most obviously, this link is forged when disabled people struggle to earn because they lack the right care, or find themselves saddled with care bills that eat into whatever they have coming in. But the *family* dimension of incomes has a special resonance in

20 This is the change in gross current expenditure between the 2010-11 and 2024-25 financial years, in real terms. See: Department of Health and Social Care, [Adult social care finance report, England: 2024 to 2025](#), November 2025.

the context of poor health and disability because of the onus that relatives feel to care for their kin, obligations that get heavier when social care turns out not to be there. And those obligations can take a big toll on the earnings of the carer themselves, thereby landing a second blow on the income of the household. It is this twist in the tale of Unsung Britain that our next chapter unfolds.

Chapter Ten

**The forgotten: Who
cares for the carers?**

Woody Hughes knows that his world did not close in as much as Trisha’s did when her MS truly flared up—he can, after all, still count on being able to get up, get washed, and get out of the house at will. But on bad days, it can be hard to remember that he is the relatively lucky half of the couple. The job that he loved in the car showroom is long gone; the couple can no longer visit their best friends because their awkward hallway doesn’t accommodate Trisha’s wheelchair; and money is always tight. On Trisha’s worst days, he feels guilty about leaving the house at all.

In an ageing society, where care services are increasingly rationed, more people are living like Woody. And at the very top of the age range, the number of people aged 85 and over rose by nearly three-quarters over the three decades from 1995.¹ That means more working-age people are caring for elderly parents. At the same time, there are more disabled children.² That – as well as the sharp increase in disabled young adults reported in Chapter 9 – leaves more parents landed with caring duties exceeding the ordinary. Meanwhile, the option of buying relief in the form of private care has become less affordable. The costs of ‘social protection’ have, almost uniquely, outpaced energy bills, with prices rising by an extraordinary 198 per cent from the end of 1999 to today, way ahead of the parallel 160 per cent increase in cash incomes.³ This general rise in costs is concentrated on residential and domiciliary care and therefore is about looking after the frail or elderly rather than the young (childcare costs have not rocketed in the same way).⁴

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- 1 The UK population aged 85 and over rose by 74 per cent between 1995 and 2024, from 1.01 million to 1.75 million. Source: RF analysis of ONS, Estimates for the population for the UK, England, Wales, Scotland, and Northern Ireland.
 - 2 The number of disabled children has doubled over the last decade, increasing from 712,000 in 2013-14 to 1.5 million in 2023-24, as reported in: H Slaughter & I Stone, Don’t forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>.
 - 3 Change between December 1999 and October 2025. This is an updated calculation from previous Resolution Foundation analysis, see Figure 22 and surrounding discussion in M Broome, S Hale & H Slaughter, An intergenerational audit for the UK: 2024, Resolution Foundation, November 2024, <https://doi.org/10.63492/po886z>.
 - 4 See again Figure 22 in M Broome, S Hale & H Slaughter, An intergenerational audit for the UK: 2024, Resolution Foundation, November 2024, <https://doi.org/10.63492/po886z>.

Some more than others

In public policy terms, people might be described as ‘trading off’ their work and earnings with their caring role. But as one carer with a disabled partner described it in Worcester, this often isn’t experienced as a decision or trade-off: “I don’t really like not working...but then you have to weigh up: work, or someone that you love that can need you. There’s not really a backup plan, so you’re going to pick that, that’ll always come first.”⁵

Care, then, is often a non-negotiable duty.⁶ But it is a duty that has never fallen equally across society. Woody Hughes is representative in many ways: carers are disproportionately older and living in the poorer half of Britain’s homes. The only thing that is a little untypical about Woody’s case is that he is a man: in the poorer half of Britain, women make up the bulk of unpaid carers across every age group.⁷ Most of these differences have long been entrenched, but there has been some evolution with, for example, a particular rise in the responsibilities of single parents to care for elderly or disabled people over the last generation, and the millennial cohort shouldering a heavier burden than past generations did at the same age.⁸ Closely related is the rising concentration of carers within *Unsung Britain* as a whole.

The next chart shows that, despite a break in the series when the survey was redesigned after 2008, there were always more carers in poorer homes, and that the ‘care gap’ between rich and poor has recently widened. In the latest data, around one-in-eight people in poorer homes report caring responsibilities compared to one-in-thirteen for their better-off counterparts. By 2022, 2.6 million adults specifically in lower-income families were caring for sick, disabled or elderly adults for five or more hours a week.⁹ Similar trends emerge in more

5 H Slaughter & I Stone, Don’t forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>.

6 Care, here and throughout, refers to those looking after ill, disabled or elderly people. This includes caring for ill or disabled children.

7 H Slaughter & I Stone, Don’t forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>. See in particular Figure 6.

8 See Figure 23 and 24: M Broome, S Hale & H Slaughter, An intergenerational audit for the UK: 2024, Resolution Foundation, November 2024, <https://doi.org/10.63492/po886z>.

9 M Brewer et al., *Unsung Britain: The changing economic circumstances of the poorer half of Britain*, Resolution Foundation, November 2024, <https://doi.org/10.63492/ox2083>.

recent data. In the Family Resources Survey, the established 'care gap' between rich and poor has roughly doubled in the few years since the pandemic.¹⁰

Doubly unsung: There are more carers in poorer Britain, and the gap has grown

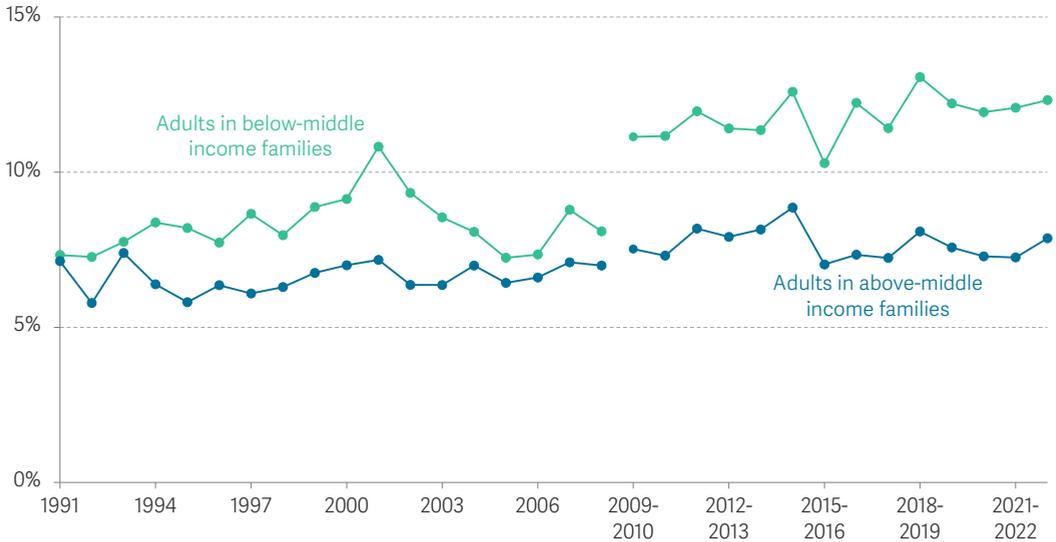


Figure 10.1: Proportion of working-age adults who are caring for an ill, disabled or elderly person for at least five hours a week, by income group: UK

Notes: Working-age adults includes those aged 16 to State Pension age. This includes caring for people within the same household or in a different household.

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

At least as important as the rise in the overall number of carers is the tendency for them to spend more time caring than they did in the past. The next chart illustrates a stark rise in the proportion of carers doing the heaviest shifts across society, and a corresponding drop in those who only do occasional hours. Between 1991 and 2022-2023, the share of all carers regularly putting in 20-plus hours a week doubled, from 15 per cent to 30 per cent.

¹⁰ See Figure 3, H Slaughter & I Stone, Don't forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>.

Compassion fatigue? More carers are caring more

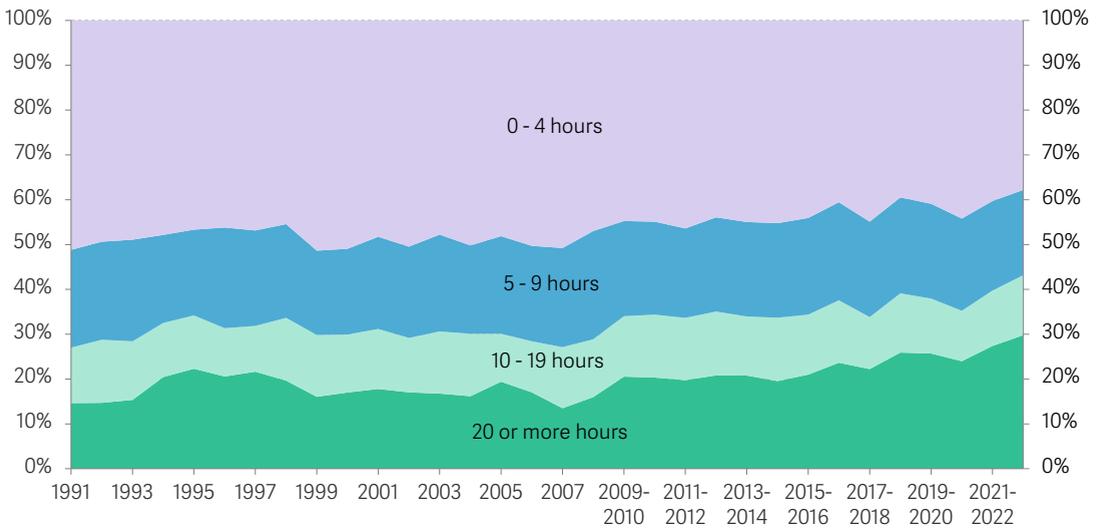


Figure 10.2: Hours of care per week provided by working-age individuals caring for an ill, disabled or elderly person: UK

Notes: Includes adults aged between 16 and State Pension age only. This includes caring for people within the same household or in a different household. Those caring for varied or 'other' hours are excluded.

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

Caring with this sort of intensity has all sorts of implications, including for social life and well-being. But from the narrow point of view of material living standards, a commitment to be around for 20 hours and in some cases many more, will very likely restrict the available options to work and earn. It is therefore worth delving a little more deeply into whether the evolving distribution of hours of care is another force for inequality.

The next chart uses different data to do just that, by separating out poorer and richer carers before homing in on the hours they do. Whereas poorer Britons are roughly half more likely again as their better-off counterparts to be carers in the first place, they are around *three times* more likely to be caring for hours at least equivalent to a full-time job (35-plus hours a week). Indeed, *most* poorer carers are on the hook for these kind of hours. And looking across all the adults in the bottom half (so including the majority who don't care) more than one in every hundred reports having to be on hand for 100-plus hours, in other words for almost all waking life. Better-off people with such unremitting duties do exist,

but far fewer, as the vanishingly thin deep purple bar on the lower half of the chart shows.

At the deep end: Poorer Britons are much more likely to be caring full-time

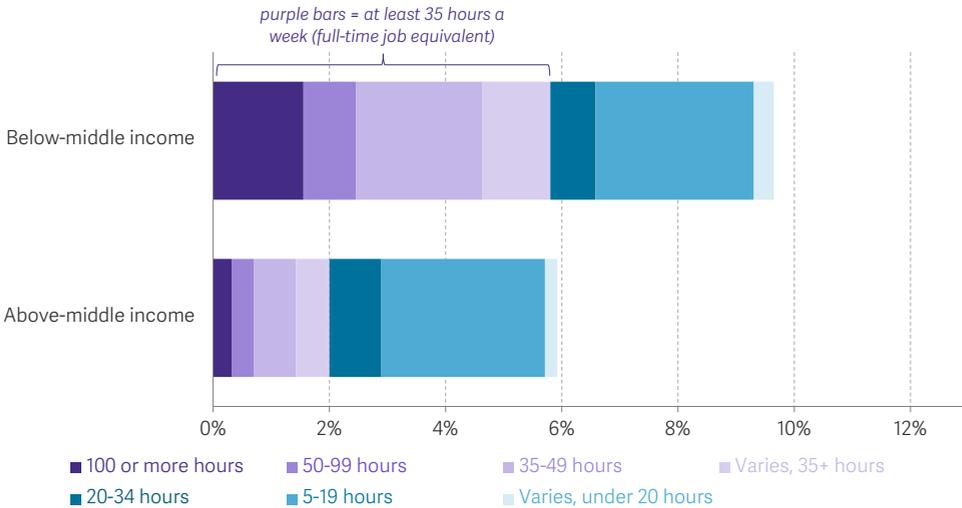


Figure 10.3: Proportion of working-age adults who are caring for a sick, disabled or elderly person for at least five hours a week, by number of hours per week spent caring and income group: UK, 2023-24

Source: RF analysis of DWP, Family Resources Survey.

The disability-care double whammy

We are not the first to observe a connection between disability and hardship, as we did in the last chapter, or the association between caring and squeezed finances, which we are highlighting in this one. What sometimes get missed in studies concerned with only one of these issues, however, is the way that the two can compound. Indeed, people can be disabled themselves, but also caring for someone else who is also (and perhaps more intensely) disabled. Even when that is not the case, very many disabled people are cared for by a partner or other relative within the household, which could well mean that there will be obstacles in the way of both people earning at the same time. Our focus throughout this book has been on *family* income, which makes us well-placed to consider this double whammy.

The first implication of considering the two things together is just how large the joint issue of care and disability looms over today's *Unsung Britain*. Fully 43 per cent

of families in the bottom half contain either a carer (of an ill, elderly or disabled person), a person who is themselves disabled, or both. If we widen the unit of analysis to the household – so that we catch, among others, those aged 18 and over who for public policy purposes are classed as adults who are in their own family – this proportion rises to an outright majority of 53 per cent of homes. Even when we consider poorer adults individually, more than a third – 35 per cent, or 6.3 million people – are disabled, carers, or both. Among those individuals who tick all the boxes for being more likely to care or be disabled – being older, female and poorer – a majority (52 per cent) rank as disabled, carers or both.¹¹

The second implication of looking at care and disability jointly is allowing us to work out exactly how many families simultaneously face the challenges of disability and of care. Nearly 10 per cent of families in *Unsung Britain* (1.1 million families) contain *both* a carer and a disabled person. And a non-trivial 4 per cent (around 800,000 people) of adults are both a disabled person and a carer at the same time. In sum, care and disability are not only both huge issues, but ones that frequently overlap. These numbers show that any comprehensive strategy for improving the living standards of lower-income families in the round will have to grapple decisively with a nexus of issues around care and health. The most pressing of these issues is the way that both things impair prospects for work.

Work arounds

When we briefly reflect on the move that someone like Woody Hughes must make because of caring duties – from a full-time career to a part-time minimum-wage job – we can see how serious effects on work can flow from a duty to look after others. And when we talked to carers in Worcester, it didn't take long for us to find similar real-life stories. One man told us how "I got a job more locally...and it was working part time, four days a week, so it gave [my wife] some comfort that if I, if something happened, I would be able to get to her."

We can also see such stories playing out in the data. The top half of the next chart is reproduced from the last chapter, where we described the big employment

¹¹ Figures 6 and 7 in: H Slaughter & I Stone, *Don't forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain*, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>.

effects on poorer disabled people – with a large minority explaining that they couldn't work, and then majorities of those who *did* work reporting health-related limits on what they can do. The chart's bottom half then adds (slightly differently worded) indicators for carers, which apply roughly the same sort of tests. Some 34 per cent of carers in poorer homes say they 'can't work at all' because of their duties, a touch more than the 31 per cent of poorer disabled people who say they are 'economically inactive' by dint of health. Of those poorer carers who do work, 41 per cent report being able to work less than they might like because of their commitments. That is not quite as dramatic as some of the penalties that we registered for disabled workers, but it is still an awful lot.

Fewer jobs, more restrictions: Barriers to work for disabled people and carers

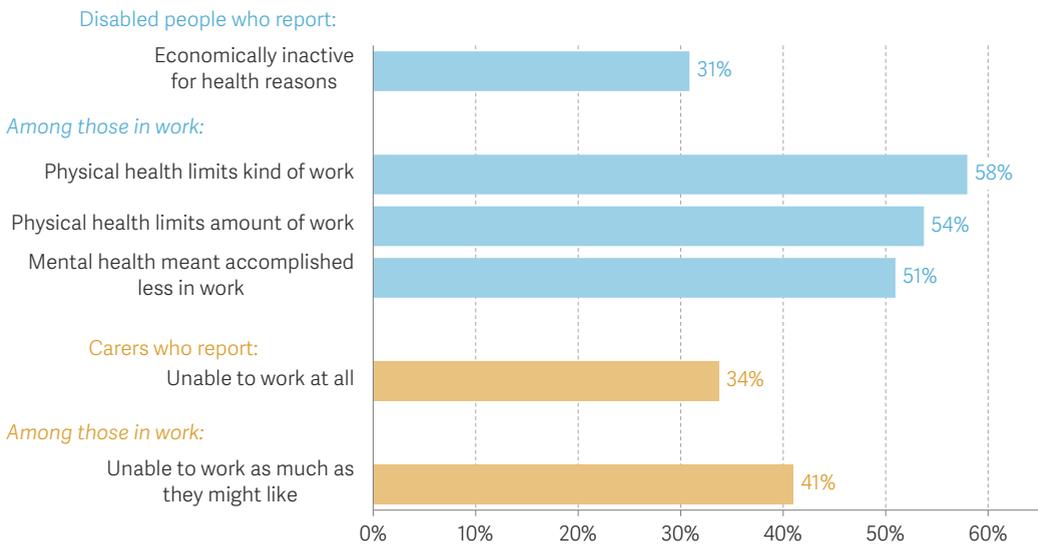


Figure 10.4: Proportion of working-age disabled people and people caring for someone in their household in below-middle income families who report selected limitations to the paid work they can do: UK, 2022-2023

Notes: The questions on how caring impacts paid work are only asked of respondents who are caring for someone in their own household.

Source: RF analysis of ISER, Understanding Society.

It is easy to imagine how many disabled people – for example, those with fluctuating conditions – as well as those who care for them may hesitate to commit to doing the same hours every week. It is also easy to imagine how this hesitancy could lead to

them being left to graft in ways that don't provide the security comfortable Britain mostly takes for granted. The next chart – this one from Understanding Society data – applies a rough definition for insecure work, covering contracts such as zero-hours, gig economy shifts and solo self-employment. It confirms, consistent with the patterns that we described in Chapter 3, that – regardless of health and care status – poorer British workers are always more likely than their better-off counterparts to be employed in such insecure ways. It suggests, secondly, a definite disability effect, with disabled workers – both richer and poorer – being much more likely to work insecurely than those without disabilities or caring duties. By contrast, non-disabled carers in the poorer half who are in paid work (unlike better-off carers) don't seem at special risk of unreliable terms. But when we single out those poorer workers who both have disabilities *and* care for someone else, we find an exceptional prevalence of insecurity: well over a third (37 per cent) in this sub-group are hired in less secure ways.

Security penalty: Many working disabled carers are employed on unreliable terms

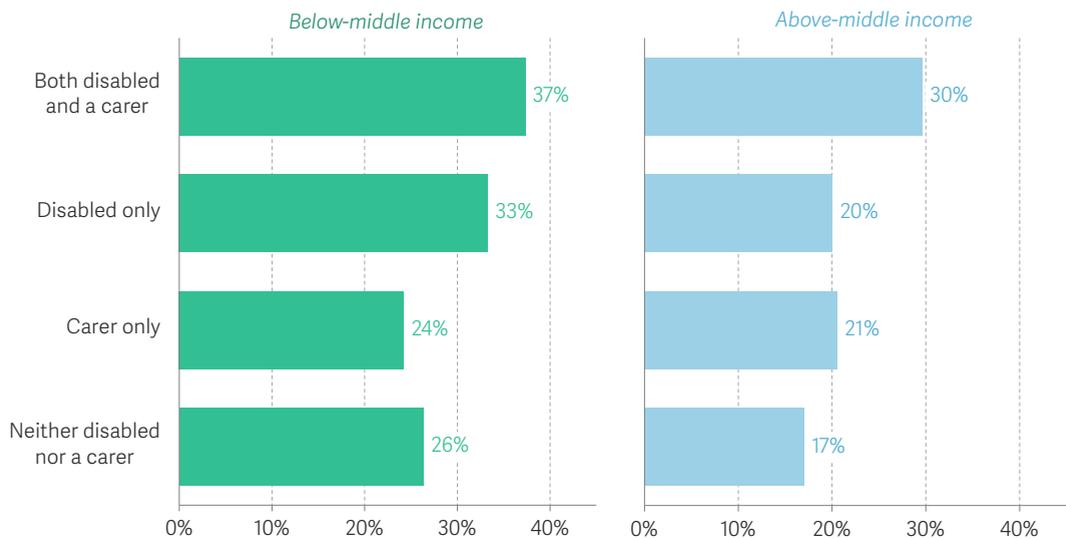


Figure 10.5: Proportion of employed people on a flexible contract, working in the gig economy or solo self-employed in below-middle income households (left panel) and above-middle income households (right panel), by whether individual is disabled or a carer: UK, 2022-2023

Notes: Flexible contracts include zero-hours contracts, variable-hours contracts and temporary non-contract work.

Source: RF analysis of ISER, Understanding Society.

The income hit

Less work, more restricted work and work on less reliable terms: all these things could potentially hit the pockets of disabled people and their carers. We didn't examine this directly in Chapter 9, because we didn't want to pre-empt the potential effect of caring. But now that we have considered both sides of the equation, we can come back directly to living standards and disposable incomes.

It is, of course, more than possible that being disabled or a carer is associated with other characteristics that can also depress income, such as being a woman in a world of unequal pay or having relatively little education. So before crunching the numbers on income, we 'controlled for' a host of such attributes, to strip out the income effects that result from the sorts of people who more likely to be disabled or become carers, and thereby single out the effects that are more directly due to the fact of being one or both of those things.¹² Relative to comparable families with neither a disabled member nor a carer, those with just a carer are £1,700 worse off, and those with just a disabled member are £4,000 worse off.¹³ Next, we strip out income from those benefits that are meant to cover the specific costs associated with being disabled, a move that arguably makes for a clearer comparison of living standards with other families. Once we have done this, the income shortfall compared to families with neither a disabled person nor a carer increases to £3,100 for 'carer only' families, £5,600 for 'disabled only' families and £7,600 for families containing both a carer and a disabled person.

These are very large hits to income. For many families affected by them, one would expect serious hardship. And indeed, that is exactly what we find when we look at detailed data on the kind of things people are going without because they can't afford them. The Family Resources Survey asks about a host of telling indicators – like the ability to repair or replace major electrical goods, or make regular savings of at least £10 a month. It then combines them, alongside incidence of low income,

¹² The 'controls' included were for sex, age, ethnicity and whether has a degree, region, number of dependent children and partnership status.

¹³ For further detail on all these calculations see Figure 9 in: H Slaughter & I Stone, *Don't forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain*, Resolution Foundation, July 2025, <https://doi.org/10.63492/5pza71>.

into a summary measure of ‘material deprivation.’¹⁴ The calculation is complex, but the results that it yields are breathtakingly simple. Only 17 per cent of families with neither a carer nor a disabled person count as deprived on this measure. That rises a little – to 19 per cent – among the ‘carer only’ group and shoots up to 36 per cent for the ‘disabled only’ category. But among those families with both a carer and a disability, this figure rockets to 47 per cent, which is to say almost half of this group are materially deprived.

Poor condition: Almost half of ‘both disabled and carer’ families are deprived

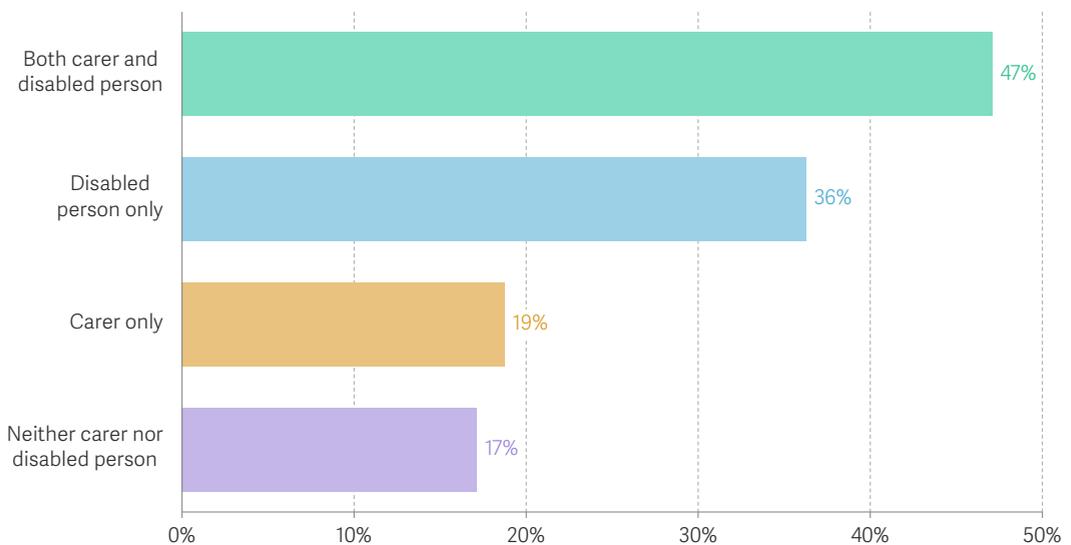


Figure 10.6: Proportion of working-age families in material deprivation, by whether the family includes a disabled person or a carer: UK, 2023-2024

Source: RF analysis of DWP, Family Resources Survey.

Don't care

For all the challenges, caring is something that relatives and sometimes friends continue to do. Tending to deep relationships is not, after all, an optional extra in life, but something that is integral to being human. Over the years, many carers have relayed to us that their calling is a source of pride and meaning. Moreover, sick

¹⁴ For further details on the questions asked, and how they are combined into a single indicator, see: Department for Work and Pensions, [Households below average income series: quality and methodology information report, FYE 2023](#), March 2025.

and disabled people often – and understandably – prefer to receive personal care from a loved one than from an unknown and very likely peripatetic professional. Public policy should therefore seek to support unpaid care even before it worries – as it must also do – about the heavy bill that is often passed to the state when it becomes too difficult for families to care for each other.

The last chapter briefly touched on the broken ecology, the rampant demand and the tightening rationing that beset the formal care sector. One way that the state could hope to tackle the problems that these create for families could be to better support the growing numbers who are providing informal care instead. Sadly, this has not happened. We'll come back to the increasingly understood inadequacies of financial support through benefits for carers in our concluding chapter. But as came through clearly from our discussion with carers and other squeezed families in Worcester, Cardiff and Warrington, the condition of public services is often just as important for quality of life as disposable income. So, it is worth considering what the state has – and hasn't – been doing for carers on that front.

For someone like Woody Hughes, one thing that could help with preserving some freedom and finding the strength to keep caring is an occasional stand-in. He and Trisha already pay for care to cover his shifts at the tennis club, but he would really like – yet doesn't feel he can justify – cover when he is not working to allow him to do something other than work or care once in a while. This is true in spades for others, with even heavier duties, whom we have seen can feel obliged to be on hand to care for 100 or more hours a week.

The service that can provide this vital breathing space is respite care. Councils do provide some but, sadly, less than they used to. Local authority spending on support for unpaid carers in England has been markedly squeezed over the last decade. The next chart records a real-terms cut of nearly 30 per cent since 2014-15, and a slightly sharper fall of over one-third when translated into per-person spend for Britain's growing army of carers. More shocking than the downward slope of the line are the tiny sums on the Y-axis: total service support for carers averages around £1 a week each.

No let up: Public support for each carer has shrunk



Figure 10.7: Real gross current expenditure on support to carers, and expenditure per carer in the population: England

Notes: Covers support for carers of both working and pension age. The purple line shows total expenditure divided by the number of adult carers in England, estimated using proportion of the population that are carers in the FRS and ONS population estimates, assuming the proportion of carers in 2024-25 is the same as 2023-24 (latest available FRS data). Gross current expenditure includes both government spending and client contributions. Adjusted to 2024-25 prices using the GDP deflator.

Source: RF analysis of NHS Digital, Adult Social Care Activity and Finance; DHSC, Adult social care and finance report; DWP, Family Resources Survey; ONS, Estimates for the population for the UK, England, Wales, Scotland and Northern Ireland.

This support is incommensurate with the amount that carers are shielding the Exchequer from the unmanageable costs that would arise in the absence of their efforts. In the apt description of one woman in Worcester: "It's the unsung workforce. [Society] couldn't cope without us."

Care is only one area in which the ecology of life in Unsung Britain is fundamentally shaped by the ties of kith and kin. Our next chapter adds time back into our thinking about families, by shining a light on trends regarding how they form in the first place, and the big events that most often make the difference between penury and prosperity.

Chapter Eleven

Family and fortune: A more dynamic look at Unsung Britain

So far, our analysis has largely considered individuals as they appear within particular family units at specific points in time. Yet neither lives nor families are static. Alongside big disruptive economic events, such as redundancies, the very structure of families evolves over time, whether through births, deaths, children growing up, new partnerships or relationship breakdowns.

Families expand or contract, and each of these transitions feeds back into living standards in multiple ways: by altering the number of people who must be supported; by narrowing or widening the scope for paid work; by changing eligibility for social security; and by reshaping housing needs and the scope for pooling resources.

There are also more subtle dynamics that are harder to quantify but can affect security and wellbeing, if not always immediate material living standards. Married or cohabiting adults may, for example, benefit from a form of ‘safety in numbers’, living with less fear of economic shocks because they can rely on each other’s resources. Over a longer time period, having children may provide a sense of security when it comes to support in old age, even though in the short term, additional children increase immediate financial pressures.

Revisiting our example families illustrates how consequential these shifts in family form can be for determining who ends up in the bottom half. Rhiannon Davies occupied an entirely different economic position before her partner left. Meanwhile, Liam and Sarah Collard still joke about how they “lived like kings” before their children arrived. Consequently, for a rounded view of life in today’s *Unsung Britain*, it is crucial to examine the shifting patterns of family formation.

To have and to hold

Through the 1970s and 1980s, the most significant shift in family structures was the rapid rise in divorce; the peak was in 1993, when 1.4 per cent of those married got a divorce. Since then, divorce rates and numbers have fallen.¹ But both the scope for divorce and its social implications depend on how many people get married or cohabit in the first place.

1 ONS, *Divorces and dissolutions in England and Wales: 2023*, July 2025.

Marriage is down considerably over the last generation – the share of working-age adults in the bottom half who are married has fallen rapidly over the last three decades, from around a half to just over one-third. Before the early 2000s, this was offset in part by increased cohabitation. More recently, by contrast, cohabitation too has been in decline. The upshot is that the most profound structural change over the last generation has not been divorce or a failure to marry, but the failure for people to live together as couples at all.

These changes are occurring across society but, as the next pair of charts confirms, are more concentrated in *Unsung Britain*. Over the last 30 years, the prevalence of marriage has, for example, fallen at roughly twice the rate among the poorer than the richer half of society. The other unmissable shift in the chart – which is also much more dramatic among the poorer than the better-off group – is the surging proportion who have ‘never married or cohabited’. The number of those in lower-income families who have never known anything but singlehood has more than doubled since the 1990s.

Unsung and unaccompanied? The fall of marriage and the rise of singledom

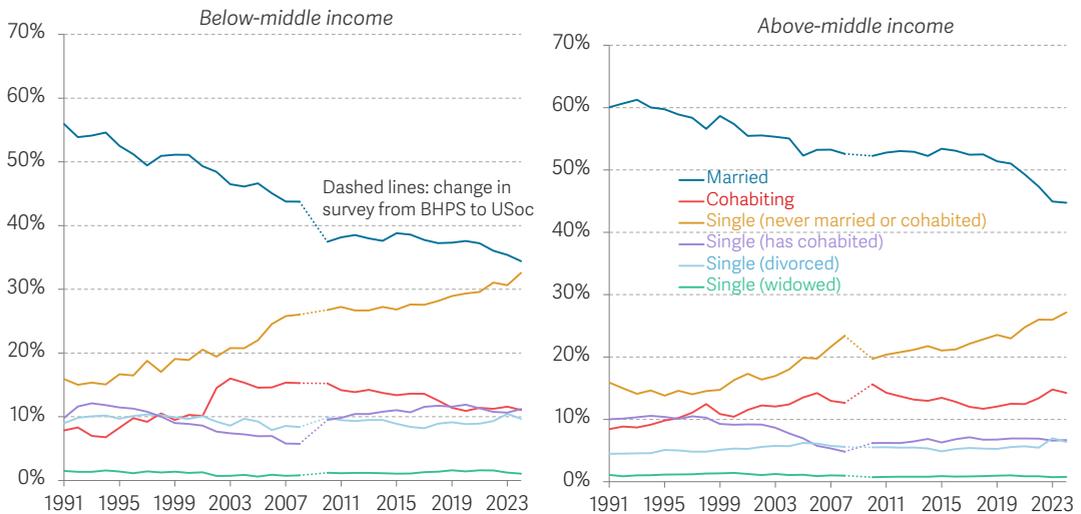


Figure 11.1: Proportion of working-age adults in different forms of personal and relationship circumstances: UK

Notes: Married includes civil partnerships. Understanding Society data covers a two-year period e.g. 2024 refers to 2023-2024.

Source: RF analysis of ISER, British Household Panel Survey (BHPs) & Understanding Society (USoc).

The growing numbers of single adults in Unsung Britain will have different experiences. Some individuals actively choose to live alone, and that autonomy matters.² For others, living alone may come with a greater risk of social isolation, particularly if opportunities to form or sustain partnerships are constrained. But singlehood comes with a clear price for living standards: individuals who cannot share housing or other fixed costs face higher per-person expenses. Some people may seek to mitigate this by sharing with non-partners perhaps at the cost of independence (as we have already seen with the rise in adults living with parents).

We leave it to others to debate the relative merits of autonomy and company, but we cannot ignore the implications of rising singlehood on the scope for pooling resources and mutual material security. And it seems plausible that such effects leave the bottom half feeling more exposed.

Parenthood: Delaying and declining

The other major change when it comes to family formation – one that is taking place across most rich countries – is that more people are choosing to have children later in life, or perhaps not at all. A big shift in the timing of parenthood took place before our period. As more women built careers through the 1970s and 1980s, they tended to have children later, with the average age of first-time mothers increasing from around 24 in the 1970s to 26 by the 1990s.³ With two-earner families becoming more common, a second income was increasingly necessary to qualify as better-off. Consequently, becoming a parent at later ages increasingly became something of a class marker. As the chart shows, the mean age at first birth among higher-income women rose from 27 for those born in the mid-1950s to 29 for those born in 1980; for below-middle income women, by contrast, the mean age at first birth remained at around 25-26 years across these cohorts.⁴

2 E Ortiz-Ospina, [Loneliness and Social Connections](#), Our World in Data, March 2024.

3 ONS, [Births in England and Wales: 2024 \(refreshed populations\)](#), August 2025.

4 Having children can have complex links with family income, but there is a similar gap between women with degrees and those without.

Parenthood postponed: Richer women led the trend for having children later

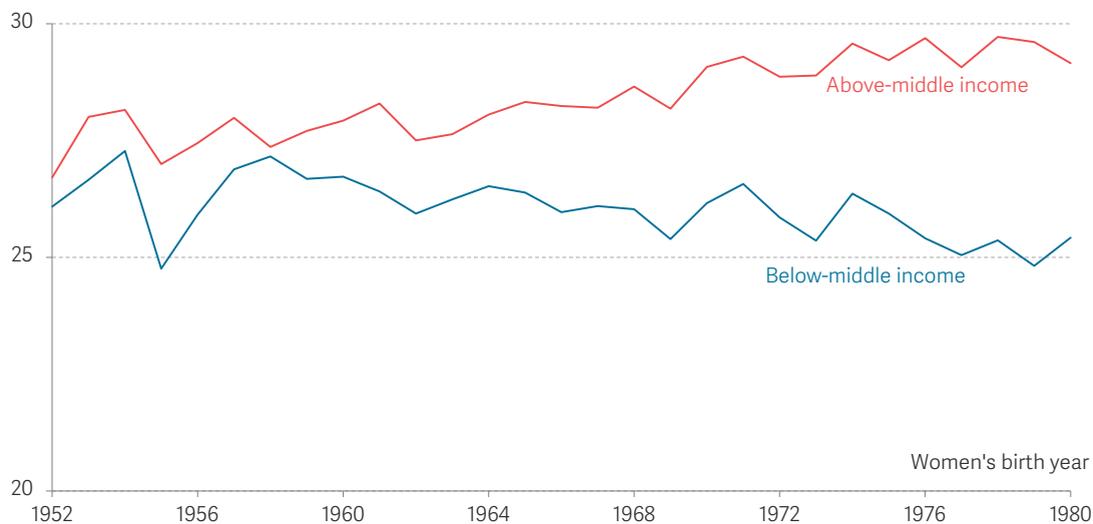


Figure 11.2: Mean age of mothers at first birth, by woman's year-of-birth: UK

Source: RF analysis of ISER, Understanding Society

The past 15 years have seen another twist in the tale. After a modest baby boom in the 2000s, overall fertility in England and Wales has declined every year since 2010.⁵ On the next chart we can see both halves of this story. Looking first at those moving into and through their 20s around the millennium, the share of women who were child-free by the age of 30 actually fell as we compare women born in 1975 to those born in 1982. But that childless share has since risen, and rapidly for the youngest cohorts: 45 per cent of women born in 1982 were child-free at 30, rising to 50 per cent of those born in 1989, and a striking majority of 58 per cent for those born in 1994.

Of course, when we see a growing number of women being child-free by 30, we cannot say whether this is a delay in childbirth (as happened to women born in the 1960s and 1970s, who ended up having at least as many children than their immediate predecessors, just later in life) or a permanent increase in childlessness. That permanent increase has happened before, such as between, for example,

⁵ This refers to the Total Fertility Rate; see: ONS, [Births in England and Wales: 2024 \(refreshed populations\)](#), August 2025.

women born in the 1950s and the early 1960s. We may still see some catch-up for women born in the 1990s, but the remarkable rise in childlessness by 30 means it would require an awful lot of babies being born at later ages. So things may change. But for many younger adults like Bushra Uthman – single, and watching her income disappearing in the rent for a flat-share – it must feel hard to imagine the future unfolding that way.

Kid you not: Being childless at 30 has become the norm

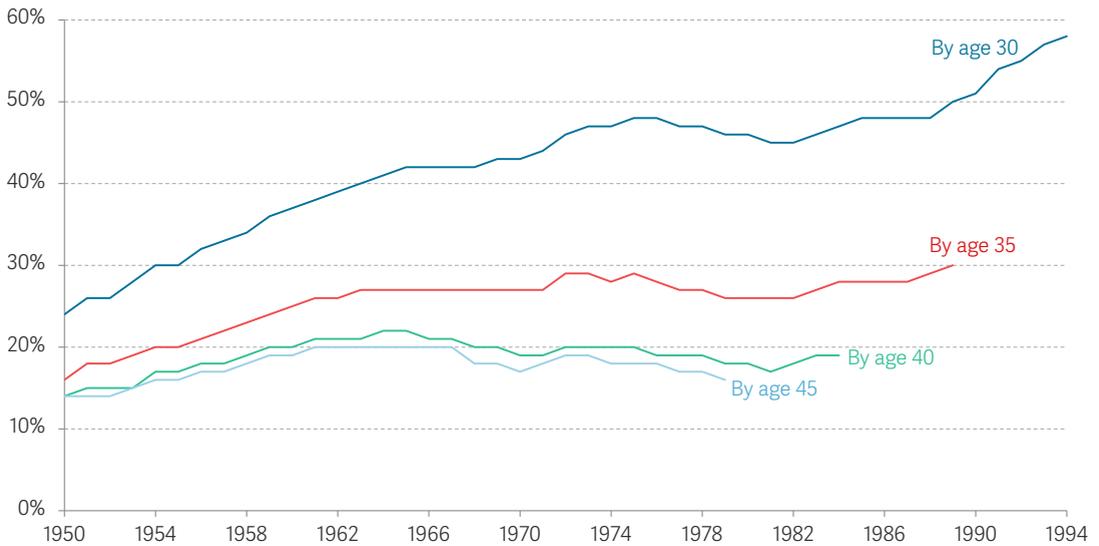


Figure 11.3: Proportion of women who have not had a child at various ages, by year-of-birth: England and Wales

Source: ONS, Childbearing statistics for women born in different years.

Family type changes under the microscope

The charts below bring together the trends on relationships and parenting, switching to the main data source we have used throughout this book, the Family Resources Survey. This has the advantage of particularly detailed information on income, and a full three decades of data, but the disadvantage of telling us only about someone's current living arrangements, not their marital or relationship history. Consequently, this is just a repeated 'snapshot' analysis, but it is nonetheless revealing – especially as we break down lower-income Britons into three different age groups.

Considering the young first, while living with children has always been unusual for 18-29 year-olds, it has become even less common, replaced by a growing share who are single and child-free. Then there is the 30-49 age bracket, among whom living in a couple with children is still the norm. Yet there has been a steady if subtle rise in the singletons: the 'family-with-kids' stage is no longer filling people's thirties and forties in the way it once did. But the biggest transformations show up later, among the 50-64 year-olds. Here the traditional model (settled couples whose children had grown up) has been steadily replaced by two different trends. First, a growing proportion who *do* have dependent children, driven by the shift towards later fertility; second, and even more emphatically, a sharp rise in adults living alone.

Even though some of that last group of older singletons may well have had previous marriages or cohabiting relationships, this trend is part of our story of increasing atomisation. Putting everything together, parenthood is happening later, and is an experience shared by a smaller number of families than in previous generations. Instead of living together and having children, more people are living alone.

For older, for younger: Diverging trends in family form in Unsung Britain

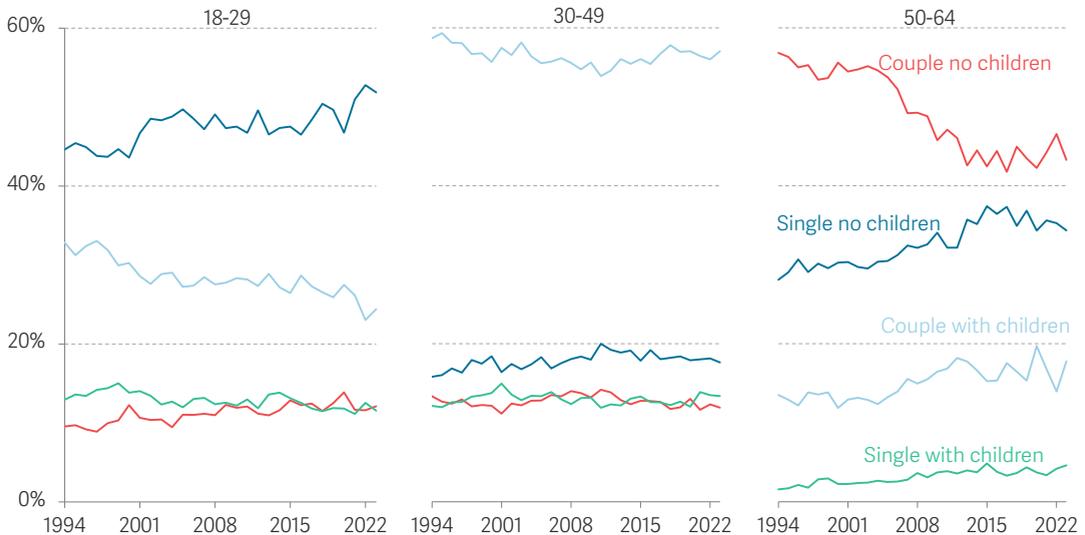


Figure 11.4: Proportion of individuals in the poorer half in different family types, by age band: UK

Source: RF analysis of DWP, Households Below Average Income.

Change and churn

Through most of this book, we have relied on a series of snapshots of incomes and other markers to tell the story of how Unsung Britain has evolved over the past 30 years. But this method doesn't allow us to look at how the fortunes of specific families have changed year by year. In reality, families will move up and down the income distribution, including in and out of the bottom half, as their circumstances change. A pay rise could move someone out of Unsung Britain, but a job loss could move them back in. Changes in the family can also have an impact on household income data: having children can move a couple down the income distribution, while moving in with a partner might move someone up.

The next chart shows the share of the working-age population who moved in and out of each half of the income distribution over 2019-2023.⁶ Being low or high-income is not a permanent state for much of the working-age population: just over a quarter (27 per cent) ended this four-year period in a different half of the income distribution from the one they started in. What the chart below doesn't show is that many people also moved around within the bottom (or top) half of the income distribution. And there were also temporary moves in and out of the top or bottom between the start and end of the period: 8 per cent of the working-age population started and ended in the bottom half of the income distribution but spent some time in the top half in between; conversely, 10 per cent started and ended in the top half yet spent some time in the bottom half.

⁶ We used a dataset called Understanding Society, which aims to interview the same people in each wave. See: <https://www.understandingsociety.ac.uk/>, accessed 10 December 2025. The DWP also publish work looking at longitudinal changes in household income using the same dataset; see: DWP, *Income Dynamics: Income movements and the persistence of low income, 2010 to 2023*, GOV.UK, March 2025.

Snakes and ladders: Moves in and out of Unsung Britain

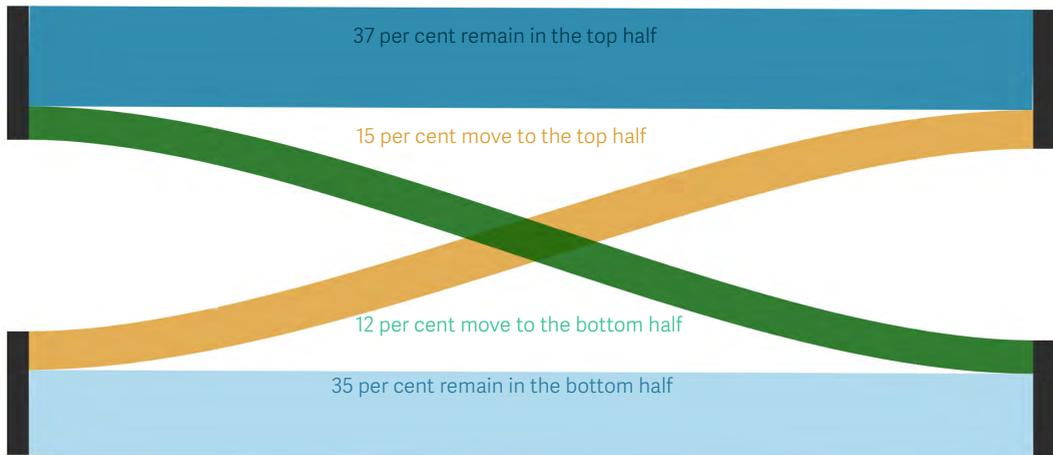


Figure 11.5: Transitions of working-age adults between each half of the income distribution between 2019-2020 and 2022-2023: UK

Notes: Excludes those who aren't working age in at least one of the waves. Because households have different numbers of people in them, there will not be equal numbers of individuals in the top and bottom half when defined in this way.

Source: RF analysis of ISER, Understanding Society.

As well as knowing the extent of shuffling along the income distribution, it is also important to understand what triggers the shifts – the trapdoors down, and the escape routes out of the bottom half of the income spectrum. Some of these are likely to be the kind of family reshaping events we have considered in this chapter: couples moving in, breaking up, having children and so on. But there are also other, more obviously economic changes such as getting or losing a job.

The chart looks at working-age adults in the bottom half who had experienced various life events, and shows the proportion of them who then moved to the top half of the economic spectrum. It highlights the five types of life events that we found most commonly preceded such a shift.⁷ Perhaps unsurprisingly, the most powerful factor is moving from unemployment or inactivity into work: 29 per cent

⁷ The full set of life events we considered were changes in employment (becoming employed, becoming unemployed, becoming inactive), family status (becoming a parent, no longer living with children under 16, newly living with children under 16, starting to live with a partner, stopping living with a partner), housing tenure (becoming a mortgagor, becoming an owner occupier, becoming a social renter, becoming a private renter), moving region, becoming a carer or becoming disabled.

of those in Unsung Britain who make that transition move up into the top half of the distribution over a four-year period. But family size and formation are also confirmed as important: children moving out tend to boost living standards (once we adjust for the number of mouths to feed), as does moving in with a partner. Housing tenure plays a role too: 16 per cent of people who had become mortgagors in the bottom half moved to the top half. Note, this is not because we are factoring the value of the house acquired – we are only considering disposable income, not assets. Rather, at least in some cases, it is likely because buying a home has allowed an escape from the cost of pricey private rentals.

Escape hatches: The main routes out of Unsung Britain

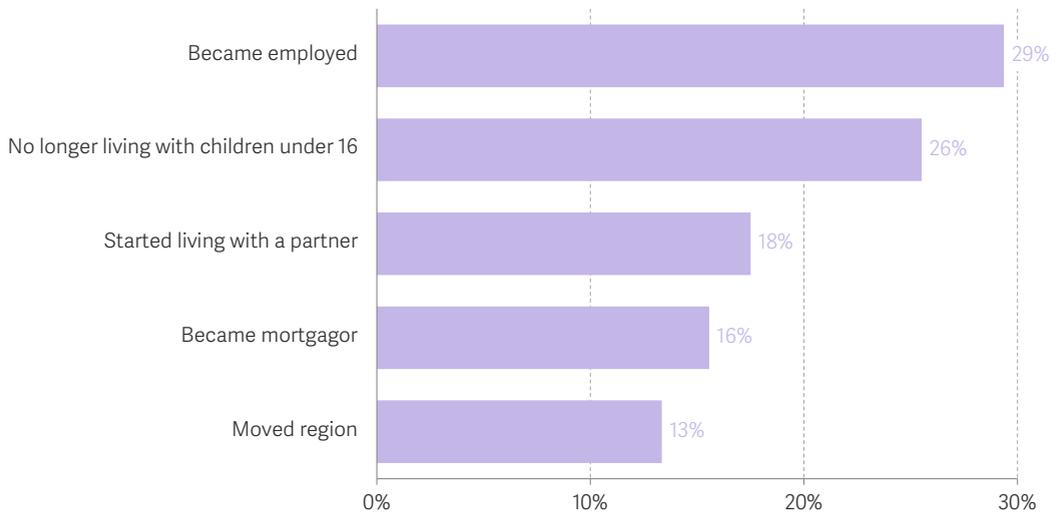


Figure 11.6: Proportion of people in the bottom half of the income distribution who had experienced selected life events that moved to the top half: UK, 2019-2023

Notes: The chart shows the five life events associated with the highest chance of someone moving to the top half of the income distribution.

Source: RF analysis of ISER, Understanding Society.

A significant proportion of people also enter Unsung Britain each year. The next chart shows the main ‘trapdoors’ that can lead to someone falling into the bottom half of the range. These trapdoors are, in many ways, the flipsides of the ‘escape hatches’, again being related to family form, housing tenure and work. Becoming a private renter is the single event most associated with falling into the bottom half (some 26 per cent of people in the top half who become private tenants sink

into the bottom half) – which fits with everything we have learnt so far, and indeed with the statistics showing that private renters have the highest housing cost to income ratios of any housing tenure.⁸ Second, and perhaps predictably, is the fact of becoming a parent. The most obvious trapdoor – becoming unemployed – also matters: 13 per cent of those who fall through it drop into *Unsung Britain*. But what’s perhaps more striking is that both becoming a tenant and having a child rank as considerably higher risks. As we have emphasised time and again, there is much more to acquiring decent living standards than getting any job, and when it comes to losing a job and ending up with a low income, something similar turns out to be true in reverse.

Trapdoors: The events that precede a drop into *Unsung Britain*

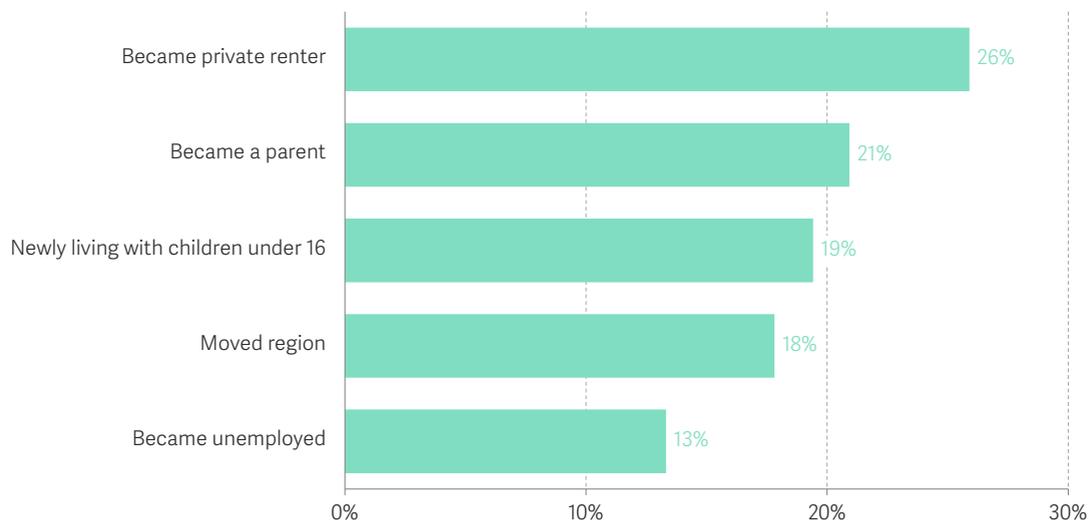


Figure 11.7: Proportion of people in the top half of the income distribution who had experienced selected life events that moved to the bottom half over a four-year period: UK, 2019-2023

Notes: The chart shows the five life events associated with the highest chance of someone moving to the bottom half of the income distribution.

Source: RF analysis of ISER, Understanding Society.

In sum, tracking the fortunes and forms of families through time yields two big lessons. First, big changes in the way people live together are underway across

⁸ L Try, *Money, money, money: The shifting mix of income sources for poorer households over the last 20 years*, Resolution Foundation, February 2025, <https://doi.org/10.63492/p3505p>.

society. This is especially true in the poorer half of Britain, where the traditional life of 'couple with kids' is no longer the reality for most residents. Compared with the past, many are delaying having children and may not have them at all. Just as significantly, many more people in the poorer half are single these days – and often this is not because of relationship breakdown, but rather because for a growing number, single life is all they have known.

The second main lesson is that these deep changes in the way that people live matter profoundly for living standards. Just as much as anything that happens at work, the big shifts up and down the economic range are caused by such transitions as 'moving in together and buying', 'moving out of the family house to rent' or having a child. This analysis suggests that the right social policies could be as important for disposable incomes and living standards as economic performance.

Having established that the evolving ways that people live affects living standards, it is worth reflecting on the possibility of a reverse effect. In light of the long stagnation in disposable incomes that we have described, there's surely a strong chance that some potential parents are delaying having children, hoping their financial situation might improve. After all, if you're already feeling the pinch, avoiding the 'trapdoor' of parenthood has a certain logic. More broadly, while for previous generations buying a house, getting married, and having children were realistic and attainable goals, they do not feel like that to many younger members of Unsung Britain today.

A country in which bringing up the next generation is felt by too many to be unaffordable is not a country that is facing the future with confidence. But there has recently been one welcome development here, with the abolition of the two-child benefit limit that has bitten so hard on families (such as Rhiannon Davies') with three or more children. This will make a massive difference for those families affected: on average they will gain £5,310 a year by 2029-30, or £3,890 for each additional child that receives support.⁹ It is, however, only one step in turning things around for Unsung Britain. The next chapter asks what would have to be done to pull that off more broadly.

⁹ H Aldridge et al., *Stairway to headroom: Putting the Autumn Budget 2025 decisions on tax, spending and borrowing into context*, Resolution Foundation, November 2025, <https://doi.org/10.63492/gad912>.

Chapter Twelve

The reckoning: How to make
the next 30 years better

“You have to learn to be really strict with some things, to enjoy [other] things. It never was like this before”

One focus group participant in Cardiff sums up how life has changed

It is important not to romanticise the past. Life has never been easy in the poorer half of our country, and there are various social problems, from crime to joblessness, which loomed larger in the past than they do today. But amid a frenzied political scene in which successive leaders on all sides struggle to command much loyalty, the current national mood blends resignation with resentment. Our tour of *Unsung Britain* has made sense of why it is that so many in our society feel like they are getting ever-less in exchange for putting in ever-more.

The growing numbers, for example – like Bushra Uthman and Liam Collard – who work long hours but can see no way out of the costly private rentals which mean their earnings are never enough. Or the swelling ranks of carers who – like Woody Hughes – have to be on-hand for a loved one for huge numbers of hours each week, amid stretched public service support. Or indeed for all of those who are working but – like Rhiannon Davies as well as Woody, Liam and Bushra – nonetheless finding it tougher to cover the basics of life than working people used to do.

Britain’s poorer half is working hard, with the employment rate still close to historic highs and more obligations than in the past to care for frail adults, too. Despite these efforts, their living standards have now stagnated over two decades (with typical disposable incomes only having crawled up by 0.5 percent annually), and many of the public services they rely on have deteriorated.¹ Where previous generations saw the benefits of a growing economy gradually filter into disposable incomes, over the past 20 years far too many families really have worked more, and ended up with less in return. It’s *not* that working more has yielded no return. Indeed, boosted by a higher minimum wage and a trend for diminishing gaps on the pay scale, the rising earnings *more than fully account* for such progress in average living standards as poorer families have seen. The problem is that, for two broad

¹ C Aref-Adib, E Fry & Z Leather, *At your service?: Why the 2025 Spending Review must reckon with the distribution of public service use*, Resolution Foundation, April 2025. <https://doi.org/10.63492/ZVYN2275>

reasons, this progress has been nothing like enough. First, and more obviously, rising earnings have been offset by negative forces – such as reduced benefit entitlements, rising Council Tax and, for many more than in the past, recourse to costly private rentals. Second, the absolute progress in earnings has simply been insufficient. Here, a comparison with the past is instructive. Where *Unsung Britain's* earnings boosted incomes by 13 per cent in the near two decades from 2004-05, in the single decade before that year, higher earnings increased earnings by 53 per cent. Or to put things in pounds and pence, where the average gross annual earnings across all poorer families was up by £7,700 in real terms since the mid-1990s – nearly three-quarters took place in the first 10 years, against just one quarter over the past two decades.

This much we can say simply by decomposing the headline statistical trends. Dive a little deeper, and we discover myriad reasons why the experience of so many families within our target group have been even worse than is suggested even by the depressing figures on disposable incomes. For some, including Woody Hughes, unreliable shifts dent security and the ability to take financial control by planning. A more general and dramatic issue right across poorer Britain has been the explosion of energy costs that truly took hold in 2022 and has never yet unwound. As it left many suffering in homes they couldn't heat properly, and then fed through to other essentials, such as food, inflation acquired that disturbing new slant against poorer families that we have described. A different sort of pressure again has come from faltering health – not just the wear and tear that one might have expected in an ageing population, but much more importantly, debilitating mental strains disproportionately affecting the young. Then, of course, there is the faltering of many public services, which we'll come back to before long.

There are, then, all sorts of aspects to the difficulties and disappointments that dog day-to-day life across far too many homes and communities in 2026. What they add up to, however, is the one big thing which the Resolution Foundation has been emphasising almost since its inception: the seemingly endless squeeze on living standards. This book is a portrait and not a prescription. But what clues does it give us about how to make the next generation better than the last for *Unsung Britain*?

Narrowing the pay gap isn't enough

The issue of pay in Britain over recent decades is a stark reminder of the limits of what can be achieved by levelling earnings. Indeed, one of our firm findings – that will surprise many – is the extent to which earned income has actually been an *equalising* force on overall living standards over recent times.

There are two aspects to this. First, the number of jobs in the economy has grown strongly over our period, albeit interrupted for a few years after the banking crash and starting to fall over the past year or so. These extra jobs were disproportionately taken up by the disproportionately squeezed people who had lacked jobs before: indeed, the overall rise in the employment rate across *Unsung Britain* fully accounts for the general rise in the UK-wide rate. Second, and more recently, earnings have become more equal. From the late 1990s on, the minimum wage narrowed the gap between the bottom and the middle of hourly pay. Latterly, weekly earnings have become a little more equal, too, and so even has the gap between higher earners and the middle.

As a result, *Unsung Britain* have been seeing its income from employment rise, and rise somewhat faster than for those on higher incomes. It is important to maintain this relative progress: extending the 'Fair Pay Agreement' model, which is being used to entrench decent terms and conditions in social care, to other sectors in which too many workers still get a raw deal could be helpful here. Meanwhile, measures in the Employment Rights Act should help lock this in by giving more protection against volatile shifts and cancelled hours – although it is essential that these new rights, as well as existing ones, are rigorously enforced.

The more fundamental point, however, is the recent trend towards a somewhat fairer sharing of 'slices' on the pay scale has not been enough to compensate for a barely growing pie. The general stalling of productivity has in the end been too strong a force. Income from employment crept up, sure, but by much less than in previous decades.

Growth is not on its own sufficient for broadly shared prosperity. But it is necessary. There is no avoiding the need to get the UK out of the anaemic productivity trap

if we are to move to a country where the expectation is of more income for less toil, not less income for more. The many investments and reforms required to raise productivity may be a topic for a different book, but there is no getting around the need for them.²

[Righting the wrong expenditure priorities](#)

Equally, our examination of the trends in incomes reveals the importance of policy choices. Perhaps the starkest is the absolute fall in living standards for the poorest households. At the bottom of the spectrum – the 10th percentile – living standards have not merely stagnated over nearly two decades, but actually slid backwards by 3 percent, and with tentative signs that things are worse again even further down the range.³

These poorest households have been most especially exposed to reductions in benefit entitlements that have affected many more. And yet with some ups and downs, for all the controversy around social security budgets we spend about the same in total (as a proportion of the economy) on them now as we did in 2010. Entitlements for those families in or seeking work have been cut, while the numbers too ill to work have grown and spending on pensioners has increased both due to numbers and generosity of payments.

This leaves Britain's social safety net tattered but not cheap. Restoring it will require improving the protection provided to those who lose their job, and ending the shocking unfairness of freezing the support for housing costs regardless of rising rents. Consistent indexation of all basic social security benefits, incorporating a smoothed link to wage growth, is in the end the only way to guarantee that the fruits of growth find their way down to the bottom. However, it needs to be paid for.

That requires facing up to the choices, which are also present in many public services, that arise from serving an ageing and ailing population. In the context of health-related payments, this means addressing the drivers of a rising caseload,

2 Resolution Foundation & Centre for Economic Performance, LSE, *Ending Stagnation: A New Economic Strategy for Britain*, Resolution Foundation, December 2023.

3 R Curtice, Resolution Foundation at 20: Two decades of analysis, policy and change, Resolution Foundation, September 2025. <https://doi.org/10.63492/vjk797>

including by reviewing eligibility criteria and rebalancing incentives across the whole benefit system. In the case of pensions, it means moving towards a smoothed earnings link and away from the 'triple lock', which arbitrarily ratchets up pension payments. As the number of pensioners continues to grow, providing even stable entitlements will get more expensive. Instead, successive governments have ramped up generosity, so that total real spending on pensioner benefits has been rising sharply. If we are to find the resources to fix the safety net, this cannot go on.

In the light of our journey through *Unsung Britain*, however, it has become clear that public policy needs to grapple with problems beyond a strengthening of the social safety net. We can group three broad headings: costs, health and care, and public services. The remainder of this chapter distils some lessons and offers some practical suggestions for action under each heading.

Cost control

Everyone understands that preventing inflation from getting out of control is a key task for governments and central banks. But, at least in normal times, economists thinking about living standards have usually been relaxed about inflation so long as incomes keep pace.

The inflationary shock of 2022-23 and the political tsunami that followed it – which in 2023 and 2024 saw incumbent governments, including in the US and the UK, being routed – cured anyone who has to run for election of this habit of thought. Scholars began interrogating the way that voters, who might be resigned to stagnant incomes, raged against rising prices as a symptom of a system that had been broken, which some blamed on predatory corporations, others on out-of-touch governments.⁴

As we heard in our own workshops, the immediate day-to-day struggles that people face are not so much with incomes, but with bills and other costs, which have recently felt to be racing beyond control. Even worse, the price hikes often seemed to be coupled to smaller or lower-grade products. As one man in Warrington put it:

⁴ S Stantcheva, *Why Do We Dislike Inflation?*, NBER Working Paper 32300, April 2024. <https://doi.org/10.3386/w32300>

“Everyone’s used to prices going up a bit, but they’re not used to prices going up and the quantity getting reduced as well.”

Hard-pressed families don’t, as a rule, have much space in their finances to absorb a big price spike. The particular skew of the early-2020s inflation towards life’s essentials means that it has been running faster for the families of modest means than it has for the better-off – and indeed, faster than is recorded by the official index. That official index matters for how much social security benefits are increased, and sometimes as a benchmark for pay settlements too. So real hardship can become entrenched when it fails to capture the full cost pressures facing *Unsung Britain* in a timely way. More regular indexation, say twice a year, than the current annual and lagged cycle would help families manage through future periods of economic instability.⁵

Some costs, however, are simply too large and varied to be addressed by general uprating, or indeed by any feasible rate of general income support – which is why, for example, benefit entitlements have always made some allowance for individual rent. After the cost of living crisis various other household outgoings – most obviously energy bills – are now also so heavy and so variable that public policy needs to grapple with them more directly than it has in the past.

Unfortunately, there are some ways in which it has operated to make the very bills that families fear the most even higher. Successive governments have had sound ambitions – both to speed the greening of the electricity grid, and to protect particularly vulnerable families – which were strong contenders for subsidies. But instead of seeking to resource these aims via general (and often progressive) taxation, they found it more convenient to raise support through a stealthy extra charge on bills. Remarkably, state policies account for nearly half (46 per cent) of the total increase in households’ electricity costs seen since 2015, actually more than is explained by rises in wholesale prices.⁶

5 For discussion of how this might work, including some of the potential practical difficulties, see: S Pittaway & L Try, *The bare necessities: Unpacking the rising cost of essentials for low-to-middle income Britain*, Resolution Foundation, June 2025. <https://doi.org/10.63492/twg315>

6 J Marshall, *Splitting the bill: How can Government help families with high energy bills?*, Resolution Foundation, October 2025. <https://doi.org/10.63492/hpc653>

The Autumn 2025 Budget showed the Government moving towards what needs to be done: by clearing away some of those add-ons to energy bills, ministers should be able to reduce them – compared to a do-nothing option – by around £130 in 2026.⁷ A more systematic approach, however, would ensure that any support was straightforwardly funded via general taxation, and then directly delivered via a proper ‘social tariff’ – a means-tested discount on each unit of energy. Building the data infrastructure that can make this fly would be a sound investment. It is a far cleaner solution than ensnaring everybody’s bills in social relief, and unlike the existing flat-rate Warm Home Discount, it takes account of energy needs as well as income. Operationalising such a tariff would of course involve subsidies, but at least they would be targeted – on households with high energy needs and low incomes – with precision. Any discounts could then be rapidly increased or eliminated as costs move. That could actually save public funds in the face of a serious crunch, by avoiding the need to scramble together the sort of hugely expensive universal relief that an unprepared government felt forced to offer in 2022.

There are strong parallels with developments in another big household bill: Council Tax. Back in the 2000s, governments preferred to sit back and let town halls pull the one lever they had to finance local services, and rates of the tax rose markedly. Then, during the 2010s, nationwide means-tested rebates, in England at least, were replaced by a scrappy mosaic of underfunded local schemes.

As with energy, policy needs to show more concern with actually gripping household bills – and less interest in passing the buck. In the Council Tax context, the more obvious fixes are: updating the hopelessly outdated valuations still used in the calculation; then levying the true values in a less regressive manner; and, restoring a cohesive system of means-tested relief.⁸ Together, those changes would curb the onus on poorer families in cheaper homes. A bolder approach would involve a far wider reset of both local and property taxes across the board.

7 H Aldridge et al., *Stairway to headroom: Putting the Autumn Budget 2025 decisions on tax, spending and borrowing into context*, Resolution Foundation, November 2025. <https://doi.org/10.63492/gad912>

8 For more on how and why localised Council Tax discounts have failed, and the case for restoring national parameters for relief see Chapter 3 of: A Clegg, *The localisation era: Assessing the post-2013 rise of localised social security*, Resolution Foundation, November 2025. <https://doi.org/10.63492/ndxb35>

Local areas in England should have greater control, with councils being entrusted with more fiscal levers within a devolved settlement that takes careful account of local economic performance. Many sound arguments have been made for such decentralisation, including decisions being taken closer to the citizen, and the importance of local know-how. But for *Unsung Britain*, there is one important additional consideration: expanding the range of fiscal options available to town halls so that they have choices beyond raising one bill that falls heavily – and increasingly – on the poorest.

A more general review of property taxation could usefully interrogate beyond Council Tax rebates, but also go far wider to include Capital Gains Tax and Stamp Duty. Rationalising and rebalancing between all these levies – and moving towards harmonised and progressive system in which some existing upfront charges paid when buying a property would be transformed into an annual property tax – could make the system as a whole more efficient and fairer.⁹

The arithmetic of our example families – high-earning Liam Collard, and dependent-free young professional Bushra Uthman – reveals more about the realities that many face than squinting at the statistics on average housing costs, which are contained by older people owning outright and more youngsters staying longer at home. The right tax regime can promote a more efficient allocation of existing stock, by rewarding people from moving out of under-occupied homes.

Amid a housing crisis, tempering demand through such means can begin to help more people to buy or at least rent more affordably. But a serious push is also needed to increase supply. The Government, of course, has a big push to reform the planning system with a view to expanding the supply of new homes. That is important, although even a successful push for the 1.5 million homes that ministers are shooting for over this Parliament would only take housing supply per person back to 2021 levels. This is worthwhile but won't dramatically ease affordability.¹⁰ So it is especially important to ramp up the supply of social homes, and to concentrate

9 L Judge & D Tomlinson, [Home Improvements: Action to address the housing challenges faced by young people](#), Resolution Foundation, April 2018.

10 C Aref-Adib & I Stone, *Housing Outlook Q3 2025*, Resolution Foundation, September 2025. <https://doi.org/10.63492/fvf6196>

housebuilding in those fast-growing local economies where labour is most in demand. Without that, the rewards that workers should be getting for moving to more dynamic regions will end up being grabbed by landlords. That harms not just *Unsung Britain*, but growth across right across the UK.¹¹

What is needed just as much as particular fixes on energy and housing is a determination to apply a cost of living prism to every public policy problem. For many important areas, vigorous competition is the most reliable remedy. One case in point being groceries, where – despite recent price pressures – rivalry between supermarkets has, on a long view, helped to keep food cheap. Regulators such as the Competition and Markets Authority are tasked with keeping overmighty businesses in check for the good of consumers. The Government’s ousting of its chair last year on the grounds he wasn’t sufficiently pro-business seems unlikely to help it stand up to vested interests and exert the maximum downward push on prices.¹² The Authority must nonetheless endeavour to do so, acting wherever the market is failing to provide fair prices or enabling consumers to exercise choice effectively. Good places to start would be by intervening on so-called food ‘deserts’ (with their poverty premiums) and making good on the promised action in the market for infant formula.¹³

Another big task for regulators is ensuring that prices are transparent and charges for services are not so bewilderingly complex as to impede effective choice. The hard-pressed people we spoke to in Cardiff and Warrington particularly resented being whacked for higher bills in ways they didn’t understand – or know how to escape. That points to a tough line regarding a host of tricks, such as automatic renewals, high charges buried in small-print and deliberately complex procedures for customers seeking to swap suppliers of services such as broadband and mobile phones. Constantly-changing prices of goods as well as services make it difficult for families to shop around and find the

11 This argument is developed at greater length in: Resolution Foundation & Centre for Economic Performance, LSE, *Ending Stagnation: A New Economic Strategy for Britain*, Resolution Foundation, December 2023.

12 S Jack & C Edwards, *Government ousts UK competition watchdog chair*, BBC News, January 2025.

13 DHSC, [Government response to the CMA infant formula market study](#), December 2025.

best deals.¹⁴ Politicians serious about the cost of living should think about the scope for pro-competition and pro-choice regulation across all sorts of markets.

In sickness and in health

We reported on one other and very different field in which prices have risen exceptionally fast in recent history: namely, the costs of buying personal care. This matters enormously in *Unsung Britain*, because of the large and growing proportion of people who are – as we have seen – either sick or disabled.

This book has not mentioned (still less sought to arbitrate between) a huge range of factors – from pollutants to social media – that are sometimes pointed to as culprits. And it makes very few claims about causation, beyond pointing out that the rise in disabilities is only slightly explained by the ageing of *Unsung Britain*, and must instead reflect other things. What it does observe is simply that the links between minds, bodies and money – or the lack of it – are profound.

The stalling of overall life expectancy, for example, is principally accounted for by worrying trends in poor neighbourhoods. The variation in *healthy* life expectancy is even more marked than that in life expectancy itself, in men ranging between 70 in our most prosperous communities, and little more than 50 in our most deprived. Disability rates are far higher in *Unsung Britain* than in the better-off half the country. The NHS map of antidepressant prescriptions, far higher in poorer places, is just one more bit of evidence pointing to links between financial difficulties and mental health problems.¹⁵

The forgotten flipside of all this is a rising care burden – which also falls disproportionately on families of modest means. More than one poorer adult in every 20 is now putting in hours of care at least equivalent to a full-time job, a figure

14 As one focus group participant in Liverpool put it, “You can’t budget because they’re changing the prices of everything every other day ... even shopping round in these places, it’s become more of an effort.” See: K Handscomb, L Judge & H Slaughter, [Listen up: Individual experiences of work, consumption and society](#), Resolution Foundation, May 2022.

15 NHS England, [Optimising personalised care for adults prescribed medicines associated with dependence or withdrawal symptoms: Framework for action for integrated care boards \(ICBs\) and primary care](#), March 2023; B Geiger & L Murphy, [Opening doors: How to incentivise employers to create more opportunities for disabled workers](#), Resolution Foundation, July 2025. <https://doi.org/10.63492/kvno88>

that underlines just how many face serious constraints on paid work. Moreover, even those carers – just like those disabled people – who *do* work face significant restrictions on hours, type of work and self-rated performance, all of which might be expected to feed through to lower earnings.

There is, in sum, almost no hope of improving living standards, or indeed life in general, in *Unsung Britain* without supporting many more disabled people and carers not merely to work, but to work better. How to do that? The best place to start is probably the workplace itself, where Charlie Mayfield's recent report for the Government gives useful strategic pointers. It proposes a journey from a culture of compliance – in which workers with health issues fear opening up to their employers, and employers are looking over their own shoulders worrying about regulations – towards an open, mutually-supportive and above all flexible partnership. The report also airs practical ideas for enlisting willing and engaged employers as 'vanguards' to build the evidence base for what works in keeping disabled people in employment.¹⁶ But completing the journey will rely on designing the right incentives (matched by more muscular enforcement) to ensure that *all* employers know that it is worthwhile to engage, including employers who are currently unwilling reluctant.¹⁷ More specifically, a 'Return to Work' recruitment reward for firms who hire disabled people who had previously been economically inactive would be one useful concrete step. Another would offer workers on sick leave a 'Right to Reintegration' with their previous employer.¹⁸ There is an important job for local authorities to do, especially with young people who have dropped out of education, who they need to track and re-engage far better than they currently do.¹⁹

Employers must also actively engage with creating the more flexible working patterns that carers need. Beyond that, the very limited current statutory carer's leave needs to be strengthened, rising from just one to four weeks per year – in line

16 DWP & DBT, *Keep Britain Working: Final Report*, November 2025.

17 B Geiger & L Murphy, *From Review to reality: Making a success of the Keep Britain Working review*, Resolution Foundation, November 2025.

18 B Geiger & L Murphy, *Opening doors: How to incentivise employers to create more opportunities for disabled workers*, Resolution Foundation, July 2025. <https://doi.org/10.63492/kvno88>

19 J Diniz & L Murphy, *False starts: What the UK's growing NEETs problem really looks like, and how to fix it*, Resolution Foundation, October 2025. <https://doi.org/10.63492/kvz546>

with parental leave. Moreover, to minimise avoidable breaks in income that few in the poorer half of Britain can afford, the first two weeks of that should be paid, by the employer, at the same rate as Statutory Sick Pay.

On the benefits side, the inadequacy of Carer's Allowance has long been both understood and ignored. But the recent scandal, in which claimants inadvertently tumbled over a regulatory cliff-edge by doing just a few extra hours of paid work and then finding themselves with a huge bill to repay, has usefully thrust it into the spotlight, triggering the Sayce Review.²⁰ The Government has rapidly moved to resolve the worst operational issues thrown up, for example the inappropriate past approach to averaging carers' earnings.²¹ But one fundamental design flaw – that earnings cliff-edge – has been shunted up to a higher level, rather than removed. Ministerial feet must be held to the fire on the promise to follow through on promised exploratory work regarding an earnings 'taper', so that carers can always keep at least some of what they make. And for the poorest carers in particular, higher benefits are needed. A good starting point would be to equalise the Caring Elements of Universal Credit with the health element, which – after cuts in the works for the latter – would mean increasing the allowance for cares by £15.60 to £217 a month (at a cost of around £200 million per year).

Substantial progress has been made in supporting parents to work, with huge expansions in the state support provided for childcare over recent decades. We can see the benefits of that in the employment trends, with continued rises in the number of mothers of young children, in particular, in work.²² There is still more that could be done to help parents like many of those we spoke to in Cardiff and Warrington, who described the challenges of navigating childcare around full-time work or outside term-time. But especially as the population ages, a similar revolution is needed to make work compatible with the growing need to care for adults.

20 DWP, Independent Review of Carer's Allowance Overpayments, November 2025.

21 DWP, Government to accept key recommendations of Sayce review on Carer's Allowance, November 2025.

22 M Broome, S Hale & H Slaughter, An intergenerational audit for the UK: 2024, Resolution Foundation, November 2024. <https://doi.org/10.63492/po886z>

Poor service

Money is, naturally, a crucial issue for carers and disabled people alike. But when more requests for care are being declined and respite support is increasingly meagre, these are also groups whose quality of life is likely to depend just as much on public services.

For decades, everyone has agreed that the care system need to be ‘fixed’ – but exactly how has never been settled. This isn’t the place to offer our own detailed proposals. But – as yet another government review of the topic grinds on – a few principles for reform suggest themselves. Easing the means test and, in particular, smoothing the cliff edge that bars anyone with more than £23,250 in savings from receiving any help is pressing. There is no getting away from the fact that care is expensive and needs to be paid for, and wealth in the form of property should do some of the heavy lifting. Also essential is quality. This is best assured by improving terms and conditions to bolster morale, recruitment and retention of committed staff, something that a well-designed Fair Pay Agreement could help with.²³ For *Unsung Britain* this constitutes a double win, since people from poorer families disproportionately rely on care *and* disproportionately provide it.²⁴

But it isn’t just public servants and those with care needs whose lives were shaped by local services. The people we assembled in Cardiff and Warrington described how creaking provision seeped across their day-to-day experiences. The failings ranged from grinding, mundane degradations (“where I live, they’ve taken away some of the public bins, and reduced the black bin bags” collections) to potentially life-altering shortcomings (“I’d like to adopt, but the process of doing it...is incredibly hard”). There were complaints, too, about things like transport: one woman who had travelled to our workshop by bus from an area where one “every 10 minutes” was scheduled, relayed that “I got to the bus stop and it said 7 minutes, and then it changed to 33 minutes... That’s on a major road and a major route.”

²³ DHSC, Fair pay agreement process in adult social care – consultation document, October 2025.

²⁴ Source: RF analysis of ISER, Understanding Society.

Overall, in both Cardiff and Warrington, better services were seen as a higher priority for government than boosting incomes. This reinforces the message of previous analytical work by the Resolution Foundation, which has totted up ‘in-kind’ benefits to households as being worth around £13,000 annually on average, a huge contribution to overall living standards. The same research established that public services were strongly redistributive, being worth £15,900 to households in the poorest quintile, against only £10,400 to those in the richest.²⁵

For a long time, public policy discussions have automatically considered how almost any change to taxes and transfer payments will play out across the income spectrum. The same lens has not always been applied to public services, although it is surely in the interests of *Unsung Britain* that it should be. If this were done routinely, then those parts of the state – think of council housing departments, employment support, benefit administration – which bear so heavily on the lives of poorer families might become less forgotten. Looking at services through an income lens could also improve targeting. It might, for example, point to diverting the free bus passes currently handed to anyone over 60 to working-age claimants of means-tested benefits.

As things stand, the public services disproportionately relied upon by *Unsung Britain* remain unshielded from pressure. The big winner of last year’s Spending Review was health, which is pretty widely relied on right across the economic spectrum, and hoovered up 90 per cent of planned increases in day-to-day departmental budgets. Much of that increase reflects the reality of an older and sicker population, but it still leaves much less for other public services, including those disproportionately used by lower-income families. Services provided by the Department for Work and Pensions (DWP) illustrate the point. Nearly a third of the services provided by DWP are consumed by the poorest fifth of households, including vital services like support for those trying to find work.²⁶ Here there have been large cuts with Spending Review plans implying that real, per person funding for DWP will be 31 per cent lower in 2028-29 than it was in 2009-10. These are cuts that land hardest on the shoulders of the least well off families.

25 C Aref-Adib, E Fry & Z Leather, *At your service?: Why the 2025 Spending Review must reckon with the distribution of public service use*, Resolution Foundation, April 2025. <https://doi.org/10.63492/ZVYN2275>

26 C Aref-Adib, E Fry & Z Leather, *At your service?: Why the 2025 Spending Review must reckon with the distribution of public service use*, Resolution Foundation, April 2025. <https://doi.org/10.63492/ZVYN2275>

While Unsung Britain desperately needs better services, it should not be assumed that its great demand is simply a great tax-funded boost to spending. What we heard in our focus groups was a rather world-weary scepticism about both the “top heavy” management of existing public funds and the ability of town halls and service chiefs to deploy more money effectively. Instead, interviewees feared that they might be asked to pay more in taxes out of tight family budgets for nothing much more – “just so the system doesn’t fall down” in the words of one.

There seems little chance of winning Unsung Britain’s assent for additional taxes without a clear plan for sharper management, and a sense that its voice would be heard in settling priorities. We heard this sentiment expressed time and time again in previous research where jaded participants spoke of broken promises, poor quality services and a sense that the fruits of growth risked being captured by others.²⁷ One man in Cardiff called for truly consultative “public meetings,” as opposed to officials crudely gauging opinion by “just going on Facebook.” One woman in Warrington spoke for the jaded mood of Unsung Britain in saying: “I just don’t want to pay more and then have promises that don’t materialise.” The same voice, however, indicated that she could be open to persuasion if and only if things were arranged so she could have faith that there would be results: “I think perhaps... if it was a clear plan and you knew where your money was going and what the plans were, you’d be more willing to pay maybe a little bit more to put those in place.”

We’ll leave the discussion about where this sentiment might lead, including the merits and snares of earmarked taxes, for another day. But that hankering for a clear “something for something” deal surely resonates as we come to the end of our tour of Unsung Britain. For as we have shown, over the last 15 years its experience has been one of getting less while putting in more. Faltering services – from hard-to-book GPs to baffling benefit bureaucracies – are another big part of that ‘less’, compounding the broad story of the squeezed personal finances that we have already told.

27 T Burchardt, T Goatley & L Judge, [Talking trade-offs: Deliberations on a higher-productivity future in the Birmingham and Greater Manchester urban areas](#), Resolution Foundation, November 2023.

Unsung and unrewarded

Despite more jobs, and the more recent catch-up between pay rates at the bottom and higher-up the scale, the moniker we have used throughout this book seems apt. Poorer families have indeed been 'unsung' over this last generation. They have been exposed to rocketing bills and steep benefit cuts. They are disproportionately exposed to insecure working practices, and a large and growing minority faces hugely costly private rents. They have been getting older and become more prone to health problems which are mostly not simply explained by that ageing. And they have ceased to count on being able to live longer than those who went before.

We have highlighted many changes in the sorts of individuals who populate Unsung Britain, as well as the way they have come to stay single for longer, and increasingly defer or even avoid having children. Public policy will have to grapple with these important generational shifts. The bigger takeaway from the last 15 or 20 years, however, is not so much the shift in who populates the poorer half of our country, but the sheer variety of ways in which its residents been disappointed.

Unsung Britain was asked to work harder – and it did. So far, however, it has not seen the rewards it could have expected. Until its rising efforts are finally matched by rising rewards, Britain as a whole cannot be a nation at ease.

Annex 1: Data citations

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Annex 2: Qualitative workshops

This book draws on insights from two half-day qualitative workshops in Cardiff and Warrington with people in the lower half of the income distribution, conducted in September 2025. The workshops were designed to capture participants' lived experience of a range of issues affecting their living standards; which issues were most important to them; and the actions they felt could make a difference for them and the people around them.

At each workshop, we facilitated three focus group-style discussions, covering costs (including housing), incomes (including the labour market and social security), and public services. In each of these, we asked participants to reflect on factors that made it easier or harder to manage in that area (for example, costs that they found more or less challenging to manage). We then asked what people felt the Government, businesses or others could do to make things easier for participants and those around them. At the end of each discussion, participants used sticky dots to vote on the interventions discussed that they considered the highest priority. In the final session, all participants came back together to reflect on the themes that had emerged most strongly throughout the day. To conclude the workshop, participants were asked to vote on which of the three broad areas – costs, incomes, or public services – they believed should be the top priority for intervention.

Each workshop included 18 participants, all from below-middle income families, and with a mix of age, gender, ethnicity, income level, family type and housing tenure. Recruitment was carried out by Acumen, and participants received an incentive payment.

Publications

Unsung Britain: The changing economic circumstances of the poorer half of Britain

Mike Brewer, Molly Broome, Nye Cominetti, Adam Corlett, Charlie McCurdy, Louise Murphy, Cara Pacitti, Hannah Slaughter, James Smith and Lalitha Try

A hard day's night: The labour market experience of low-to-middle income families

Nye Cominetti and Louise Murphy

Money, money, money: The shifting mix of income sources for poorer households over the last 30 years

Lalitha Try

The bare necessities: Unpacking the rising cost of essentials for low-to-middle income Britain

Simon Pittaway and Lalitha Try

Don't forget about us: How disabilities and caring responsibilities affect low-to-middle income Britain

Hannah Slaughter and Imogen Stone

Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families

Felicia Odamtten and Simon Pittaway

The 13 million working-age families across the poorer half of the country are widely courted by politicians. No party can win elections without their votes, and the country cannot succeed without their needs being met. They are working harder and caring more, yet remain poorly understood and badly served, which is why we have dubbed them 'Unsung Britain'.

In this book we examine the evolving characteristics of these families – how they earn, save, spend and how they've responded to cost of living challenges. We delve into the rent and bills they pay, the excess inflation they've faced as well as the strains on their health, both mental and physical.

A better understanding of the circumstances, opportunities and challenges of the families of Unsung Britain is needed to turn their fortunes around, regain their trust, and make the country a better place to live in.