

Sunak's increasing the cost of living

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Rishi Sunak gave the clearest possible indication during the course of his budget on Wednesday that he believed that the Bank of England should do all that it could to control inflation in the UK. He was, of course, implying that he thought that the time for an increase in UK interest rates had arrived.

We do not know whether the Bank will act on his hint as yet, although the clearest possible indications have been given that they will sometime soon. The UK's High Street banks and building societies have not waited though. As [the FT notes this morning](#):

UK banks and building societies have started to increase mortgage rates in response to rising inflation, signalling an end to the era of ultra-low borrowing costs and piling further pressure on household finances.

As both the Resolution Foundation and the Institute for Fiscal Studies have noted since the Budget, most people are worse off because of it, with the middle classes being particularly badly hit in their analyses, although as the New Economics Foundation has pointed out, by assuming the £20 a week cut in universal credit an already done deal they have understated the impact on those on lowest earnings. The best off are, of course, impacted least.

What we now know is that Sunak's measures were the least of the things to worry about in his budget announcement. It was always going to be what happened in the real economy that mattered. And now we can see that his desire to increase the cost of living for UK households is going to have a real impact.

I just hope many remember this whenever it might be that we vote again.